



# **Cynulliad Cenedlaethol Cymru** **The National Assembly for Wales**

## **Y Pwyllgor Amgylchedd a Chynaliadwyedd** **The Environment and Sustainability Committee**

**Dydd Iau, 23 Hydref 2014**  
**Thursday, 23 October 2014**

### **Cynnwys** **Contents**

Penodi Cadeirydd Dros Dro  
Appointment of a Temporary Chair

Cyflwyniad, Ymddiheuriadau a Dirprwyon  
Introductions, Apologies and Substitutions

Bil Llesiant Cenedlaethau'r Dyfodol (Cymru)—Cyfnod 1: Sesiwn Dystiolaeth 14  
The Well-being of Future Generations (Wales) Bill—Stage 1: Evidence Session 14

Cynnig o dan Reol Sefydlog 17.42 i Wahardd y Cyhoedd o'r Cyfarfod ar gyfer Eitemau 4, 5 a 8  
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting for Items 4, 5 and 8

Cyllideb Ddrafft Llywodraeth Cymru 2015-16: Sesiwn Graffu y Gweinidog Cyfoeth Naturiol a'r Dirprwy Weinidog Ffermio a Bwyd  
Welsh Government Draft Budget 2015-16: Scrutiny of the Minister for Natural Resources and the Deputy Minister for Farming and Food

Papurau i'w Nodi  
Papers to Note

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod  
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.  
In addition, a transcription of the simultaneous interpretation is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Mick Antoniw	Llafur Labour
Jeff Cuthbert	Llafur Labour
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Llyr Gruffydd	Plaid Cymru The Party of Wales
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Jenny Rathbone	Llafur Labour
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives
Joyce Watson	Llafur Labour

**Eraill yn bresennol**  
**Others in attendance**

Andrew Charles	Pennaeth Datblygu Cynaliadwy, Llywodraeth Cymru Head of Sustainable Development, Welsh Government
Tony Clark	Pennaeth Cyllid, Cyfoeth Naturiol, Llywodraeth Cymru Head of Finance, Natural Resources, Welsh Government
Rebecca Evans	Aelod Cynulliad, Llafur (Y Dirprwy Weinidog Ffermio a Bwyd) Assembly Member, Labour (the Deputy Minister for Farming and Food)
Louise Gibson	Cyfreithiwr, Llywodraeth Cymru Lawyer, Welsh Government
Dr Christianne Glossop	Cyfarwyddwr Swyddfa'r Prif Swyddog Milfeddygol Director, Office of the Chief Veterinary Officer
Amelia John	Dirprwy Gyfarwyddwr, yr Is-adran Dyfodol Tecach, Llywodraeth Cymru Deputy Director, Fairer Futures Division, Welsh Government
Matthew Quinn	Cyfarwyddwr Amgylchedd a Datblygu Cynaliadwy, Llywodraeth Cymru Director, Environment and Sustainable Development, Welsh Government
Sioned Rees	Dirprwy Gyfarwyddwr, Partneriaethau Llywodraeth Leol, Llywodraeth Cymru Deputy Director, Local Government Partnerships, Welsh Government

Amina Rix	Cyfreithiwr, Llywodraeth Cymru Lawyer, Welsh Government
Andrew Slade	Cyfarwyddwr Amaeth, Bwyd a'r Môr, Llywodraeth Cymru Director, Agriculture, Food and Marine, Welsh Government
Carl Sargeant	Aelod Cynulliad, Llafur (y Gweinidog Cyfoeth Naturiol) Assembly Member, Labour (the Minister for Natural Resources)
Rosemary Thomas	Y Prif Gynllunydd, Dirprwy Gyfarwyddwr, Llywodraeth Cymru Chief Planner, Deputy Director, Welsh Government

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Alun Davidson	Clerc Clerk
Peter Hill	Dirprwy Glerc Deputy Clerk
Catherine Hunt	Ail Glerc Second Clerk
Gwyn Griffiths	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Andrew Minnis	Y Gwasanaeth Ymchwil Research Service
Nia Seaton	Y Gwasanaeth Ymchwil Research Service
Adam Vaughan	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 09:30.*  
*The meeting began at 09:30.*

**Penodi Cadeirydd Dros Dro**  
**Appointment of a Temporary Chair**

[1] **Ms Hunt:** Bore da a chroeso i **Ms Hunt:** Good morning and welcome to the gyfarfod y Pywllgor Amgylchedd a meeting of the Environment and Chynaliadwyedd. Sustainability Committee.

[2] The first item on the agenda is the appointment of a temporary Chair. I would like to invite nominations from committee members for a temporary Chair to be appointed under Standing Order 17.22.

[3] **Llyr Gruffydd:** Rwy'n cynnig **Llyr Gruffydd:** I propose William Powell. William Powell.

[4] **Antoinette Sandbach:** I second.

[5] **Ms Hunt:** There are no other nominations. I declare William Powell appointed.

*Penodwyd William Powell yn Gadeirydd dros dro.*  
*William Powell was appointed temporary Chair.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon  
Introductions, Apologies and Substitutions**

[6] **William Powell:** Diolch yn fawr. **William Powell:** Thank you very much. Bore da a chroeso cynnes. Good morning and a warm welcome.

[7] A warm welcome to you all, to the Minister, and his team. We have no apologies this morning other than that of our Chair, Alun Ffred Jones. There are no substitutions. Jeff Cuthbert has indicated that he will be away for the second half of the morning session but returning after the lunch break. There are no fire drills planned this morning, so if we hear an alarm it is the real thing. Normal housekeeping arrangements apply.

09:31

**Bil Llesiant Cenedlaethau'r Dyfodol (Cymru)—Cyfnod 1: Sesiwn Dystiolaeth 14  
The Well-being of Future Generations (Wales) Bill—Stage 1: Evidence Session  
14**

[8] **William Powell:** Since we have a really busy session, I suggest that we get straight under way with our scrutiny session on the Well-being of Future Generations (Wales) Bill—Stage 1 evidence session. A warm welcome to the Minister and his team. Minister, please introduce your team for the record and just to check levels also.

[9] **The Minister for Natural Resources (Carl Sargeant):** Bore da; good morning, Chair and committee. I will ask Amina to start, please.

[10] **Ms Rix:** I am Amina Rix. I am a lawyer with the Welsh Government.

[11] **Ms Rees:** I am Sioned Rees, local government partnerships, I am here as a policy lead on part 4 of the Bill.

[12] **Ms John:** I am Amelia John, head of the fairer futures division and senior responsible officer for the Bill.

[13] **Mr Charles:** I am Andrew Charles, sustainable development team.

[14] **Ms Gibson:** I am Louise Gibson, a lawyer dealing with Parts 1, 2, 3 and 5 of the Bill.

[15] **William Powell:** Excellent. I will kick off with a couple of important general issues. Minister, in your view, can sustainable development legislation be as effective as it needs to be without directly addressing environmental limits, issues around the fair use of resources, the international impact of policy, and the critical issue of climate change, given that all of those issues are so central to the understanding of sustainable development?

[16] **Carl Sargeant:** Thank you, Chair. That was a really important question to start the session. What we have tried to do in the framing of this Bill is capture the whole ethos of sustainable development. I do not share the view that the Bill should only be an environmental Bill. The principle of sustainability is around the three aspects of social, economic and environmental; all play a very important part in that process. Therefore, the well-being of future generations, as it says in the title, is key to making sure that we make decisions now, and for the future, encompassing all those principles. As you will see from the process of the design of the framework of the Bill, the goal headlines cover and encompass all the issues that the Member has questioned me about, including the environment. So, we do not by any means think that the environment is not in the Bill. It is prescribed as an equal

partner across the whole principle of development as we move forward. Sustainable development is well defined, and it is something on which we think that we have struck a balance on here in the development of the Bill.

[17] **William Powell:** Also, Minister, we have had strong representations from a number of sectors concerning aspects of the clarity of the Bill as it currently stands. It would be useful to have an indication at this early stage if you would be open to considering amendments clarifying such issues as health in all policies, the rights of women, children and carers, and, the key issue of the Welsh language.

[18] **Carl Sargeant:** Of course, the scrutiny process is an important one for us in listening to the views of others. I believe that we have already encompassed the issues that the Member raises. There is nothing in there that defines or excludes a particular group in the way we interpret the future generations Bill. In fact, I think it strengthens the principle of sustainable development and adds to the value of things like the United Nations CRC—is that right? That is right. I always get mixed up with the acronyms—and other elements that cover the principles of all actions that this Government and public bodies take. I think that this adds value to the legislation or principles that are already in place to protect women, children and other elements. However, if the committee thinks that there is anything that we can do to strengthen or define that in the process, I am more than happy to consider that.

[19] **William Powell:** I am grateful for that answer. I have a number of indications; first is Jeff Cuthbert.

[20] **Jeff Cuthbert:** One of the issues that I know has been an issue for some time, and, indeed, was raised here recently by a number of witnesses, is about the international dimension and whether the goals, particularly the goal of a resilient Wales, ought to be amended to include clearer references to international perspectives. This is set against the background of realising where the competency of the Welsh Government ends, but, nevertheless, in taking actions to ensure that any developments within Wales do not adversely prejudice life outside our boundary.

[21] **Carl Sargeant:** I share those views about how this Bill is interpreted, not just as a Welsh Bill but from the point of view of the implications that it has in a global situation. We cannot legislate for international issues, as the Member suggests, because of competency issues, but by its very nature a better Wales, we believe, will lead to a better position for the broader international objectives as well. So, what we do here for a more prosperous and healthier Wales and for the wellbeing of our nation will have knock-on effects across our political boundaries across Europe and the globe.

[22] Let me give you an example of a consideration. I know that a local authority has been looking at procurement of school uniforms. When its decision-making process was being considered, one of the issues was about fair trade and how that may be interpreted so that its procurement policy has an impact locally in having good quality uniforms for young people, with the international factor being that they are not being bought from a sweatshop in China but from a sustainable programme of fair trade from other countries. So, there is a clear effect in the decision-making process that we have here, although I accept that there is nothing in there of an international theme. Maybe we should have that, and I will think about that very carefully.

[23] **Llyr Gruffydd:** [*Inaudible.*—environmental limits, and you will understand, I am sure, the feeling out there that people feel that the Government seems to be rowing back from the ‘One Wales: One Planet’ commitment. Do you not think that reflecting that in this legislation would make it more effective? I understand what you are saying that this is not an environmental Bill—we are awaiting that one and that will come in good time—but living

within our environmental limits is a key commitment of this Government, and it underpins a lot of the other stuff around having a good economy and a healthy population et cetera.

[24] **Carl Sargeant:** We will probably have to disagree on that view, because I think that the strength of the Bill is in the principle of the generality of applying decision-making across all of the sectors. If I can refer you to the goals, which include a prosperous, resilient, healthier and more equal Wales, they all have environmental principles embedded within them. I do not believe that target setting, as I think was in the evidence provided to you by the Office for National Statistics, in legislation is very helpful. What we are doing with this Bill is taking people on a journey of change, making people consider their choices now, including the environment, and I think that that is a very positive statement in terms of influencing how the public sector operates.

[25] **Llyr Gruffydd:** So, what does a more proportionate use of resources mean? How do you quantify that?

[26] **Carl Sargeant:** That is a consideration that the public body would have to use. So, when they are procuring or using energy, how their business operates is something that they would have to consider and show evidence of in making those choices. There are already statutory targets that we are considering in the process of climate change to which public sector bodies need to contribute. I do not think that it would be useful if we were to say in this Bill, for example, that there should be a 2% reduction year on year in carbon emissions; I do not think that that would be helpful. What we are saying here is that some of their actions could be much more meaningful in the way that they interpret business. They could, by virtue of themselves or through another body by working with others, have a much bigger effect in the way that they operate, and not just purely on environmental decisions. So, I am not signed up to having targets in this Bill, because I believe that the principle of operation is more important.

[27] **Llyr Gruffydd:** I agree and I see living within our environmental limits more as a principle than an actual numeric target. So, I am not sure whether I understand the point that you are making, really. However, where does the previous commitment in terms of 'One Wales: One Planet' stand were this Bill adopted? Does this overtake that? Is the Government still committed to that?

[28] **Carl Sargeant:** It complements it, does it not? This is what—

[29] **Llyr Gruffydd:** Well, it undermines it, I am afraid, Minister, in my eyes, and in many others.

[30] **Carl Sargeant:** I am more than happy to answer your question, if you would like. The issue for me is that this Bill complements legislation across the whole of Government, but it also goes further in terms of putting duties on public bodies outside of Government too. So, we are compliant with this, but also others in the public sector will have an obligation, which they have never had before; there has never been a sustainable development duty placed upon bodies which are outside organisations like this. It is supposed to be the core principle of business. The reality is that it is a bolt-on effect. That is what we have to get away from, so that this becomes the core principle of how they do business, and evidencing to the commissioner and to the auditor general as to how and why they have made those decisions, including the impacts that they will have on the environment too.

[31] **Llyr Gruffydd:** So, where does that 'One Wales: One Planet' commitment stand?

[32] **Carl Sargeant:** It still stands, and I believe that this complements it with its achievements in terms of the considerations that we make and that others make too.

[33] **William Powell:** Minister, just for clarity, you have set your face against incorporating targets on the face of the Bill, but are you open to looking at having targets and indicators at the level of guidance?

[34] **Carl Sargeant:** No. I am pretty strong on that process. What you will see within the Bill's structure are the indicators that will be there and they will be part of the measurement process to seek improvement moving forward.

[35] **Jenny Rathbone:** We have had a large number of stakeholders from different walks of life saying that the definition in clause 3 is not clear, that it has limited meaning, that if we had a clearer definition we would have clearer goals and then it would be clearer how we were going to measure ourselves in the future as to whether we have achieved them. There is widespread support for the 'One Wales: One Planet' statement. Why is it not possible to substitute those three lines in clause 3, which are waffly, with that clear statement, namely those six lines of the 'One Wales: One Planet' commitment? Then, people would not feel that we were undermining and watering down those commitments.

09:45

[36] **Carl Sargeant:** It will be no surprise to you that I do not believe that these are waffly lines; I think, actually, that these are very well understood. I am interested in the views of stakeholders that have been to committee and we have looked at those very carefully in that process.

[37] Let me, if I can, help with the definition of 'sustainable development', which is internationally accepted, and that is a principle not just in Wales, but it goes back to the principle that you were asking about earlier and how this is interpreted internationally. It is a well-accepted international description of sustainable development. It has been around for over 25 years in terms of the interpretation—since the Brundtland report published in 1987. I do not think it would be helpful for us to step out of the principle of what everybody understands as sustainable development. If what committee is asking us to do is give more clarity about what we mean by this so that people are under no illusion about what Brundtland says, then maybe we can do something there in terms of guidance or appropriateness to that.

[38] However, I am certainly not in a position where I would want to move away from an internationally recognised status of 'sustainable development'. I do not believe that it is waffly, and I do not believe for a moment that people involved in this process do not understand what 'sustainable development' means by Brundtland at all.

[39] **Jenny Rathbone:** Well, a large number of people, including lawyers, have said that it is unclear. What is missing, as far as many people are concerned, is the bit about enhancing the natural and cultural environment and using only our fair share of the Earth's resources. Those are deal-breakers for many people. I think that those are widely understood and are embraced by the people in Wales. Why, then, do we throw the baby out? If it is not broken, why fix it? There is consensus around that definition, so why are we not putting this—. I think that people have moved on since the Brundtland definition. The 'One Wales: One Planet' definition is stronger.

[40] **Carl Sargeant:** Again, Chair, the scrutiny process, for me, is a really important one in terms of us understanding Members' views. I will take that back with my team and give that some further consideration.

[41] **William Powell:** Thank you, Minister. I now call Julie Morgan, and then Antoinette Sandbach.

[42] **Julie Morgan:** Good morning. I was encouraged by your response to Jeff Cuthbert about the international aspect because this is something that I have been concerned about all along. I was pleased also that you gave an example of the uniforms and the fair trade issue because Cathays High School in my constituency is going to be the first school to have all of its uniforms fairly traded, with cotton from Mauritius. So, I was very pleased that you mentioned that issue. However, I do think that there is a case for getting the international aspect down in the Bill because what is happening in Cathays school is happening by goodwill and lobbying. Perhaps we could have something very specific in the Bill about the fact that every action that we do here affects the rest of the world. I want to reinforce what Jeff, I think, was saying; I do think that there is a case for getting something down there that says the word 'international' and puts Wales's place in the world.

[43] **Carl Sargeant:** Again, I will give a commitment. I will not say 'no'. I share the principle with the Member in terms of doing the right things for the right reason. I think that the interpretation of the goals is the key to this. As I said earlier, I think that the international dimension of just process—the way that people will operate this—will have to demonstrate their decision-making processes, which will lead to a pathway to the international dimensions that we have just touched upon. Do we need to have that on the face of the Bill? I would need to be convinced of that. You have put a well-made argument together. I understand, Julie, and I know that you have lobbied me outside of this meeting room too. I will give that consideration in terms of what that definition means.

[44] Just on a point that Jenny made before about lawyers' different interpretations of our Bill, I am sure that I could find lawyers who would share our view, the issue being that there are many views. Let me give that some further consideration in terms of how we would interpret that in terms of legal speak, whether it would add value in any way or diminish the goal processes that we already have in place.

[45] **William Powell:** Speaking of lawyers, I call Antoinette Sandbach.

[46] **Antoinette Sandbach:** Minister, I wanted to take you back to the indicators that you referred to earlier. Obviously, your aim in this Bill is to change outcomes. Therefore, the strength of the indicators is going to be key. Will you commit to seeking national statistics status for the indicators?

[47] **Carl Sargeant:** It is slightly premature in terms of—. First of all, we need to set the indicators and look at what they are. I would need to consider how they are interpreted. I think that what I would want is to ensure that the indicators are significant and have standing. How we interpret that as to whether they are national statistics or not is something that we would have to consider.

[48] **Antoinette Sandbach:** I understand that, but the Office for National Statistics is saying that it will take five years. Clearly, in these financially straitened times, I presume that the Welsh Government would not want to reinvent the wheel in terms of trying to redo work that has already been done elsewhere. Clearly, the indicators for national wellbeing are quite far advanced. If this Bill is to have any credibility, then it will need to have indicators that stand up to scrutiny, which are recognised at a wider level, rather than for there to be indicators just being set by the Welsh Government that may not have that validity. So, although it might be premature, will you commit to ensuring that as many indicators as possible have national statistic status?

[49] **Carl Sargeant:** I certainly commit to the principle of seeking, where appropriate, to do that. I would be happy to clarify that with the committee through a letter to you.



[50] **William Powell:** Thank you for that assurance, Minister. At this point, it would be useful if you could also commit to writing to us as a committee to set out how this Bill interacts with and complements both the Planning (Wales) Bill and the proposed environment Bill that is coming up the track, particularly in terms of principles, structures and desired outcomes.

[51] **Carl Sargeant:** I would be very happy to do that, Chair. While all three Bills come under my remit, I would not want to add a burden to my team. Actually, the principle of this is a cross-cutting theme across all of Government, so how this operates will be a core principle. So, it is not just those three Bills, and while I am happy to give you details in terms of how they interact—

[52] **William Powell:** In terms of our work as a committee—

[53] **Carl Sargeant:** It is a general principle of how the future generations Bill will operate across the whole of Government anyway. I will write to the committee. I am more than happy to do that.

[54] **William Powell:** That would be helpful.

[55] **Mick Antoniw:** The core of the Bill, given that we are obviously looking at the principles, is really the goals as set out. Would you agree with me that they are the foundation on which the Bill is built?

[56] **Carl Sargeant:** Yes, absolutely, but they are not in isolation. I would say that, while the goals are the goals, most fundamental to making sure that this works are the governance approaches to this process. The five principles of how we are going to do this, including collaboration, long-term preventative integration and a citizen-centred process. It is about ensuring that they are the considerations in terms of delivery, and also about saying, ‘This is what we want to do and this is how we are going to do it’. It is then a key process for the commissioner to test that the system is operating as we want it to operate, while also considering the goals. So, the goals are absolutely and fundamentally at the top of the tree, but, actually, the bits underneath are the important things.

[57] **Mick Antoniw:** Yes, I understand that. Obviously, the importance in terms of the goals is that there is clarity as to what they are and what they seek to achieve. That clarity is obviously important to the commissioner, so that he then understands the goals of the legislation, because that determines his role to some extent.

[58] **Carl Sargeant:** Yes, absolutely—he or she.

[59] **Mick Antoniw:** You will be aware that one of the areas that I am concerned with is obviously the focus on social justice within those particular goals. I very much welcome the comment you made earlier that we are looking a lot at sustainability in a broader enviro-socioeconomic format. Is the issue of social justice within the goals an area in which you would be prepared to consider whether there is scope for tightening up that element, to ensure that that focus is there?

[60] **Carl Sargeant:** I am being absolutely honest with the Chair and the committee today: I am reluctant to move away from anything—. The goals are the goals. It would be of no surprise to you that I am already being lobbied by individual organisations on a daily basis to add words to these goals.

[61] **Mick Antoniw:** If there were regional proposals that might strengthen them, would you be prepared to—? I am not asking for a commitment or anything, but this is certainly an

area that the Government is focusing on in terms of ensuring clarity and functionality.

[62] **Carl Sargeant:** I do not think there is any reason to believe that there is any difference between our political processes and understanding, I am absolutely with you in terms of social justice and what we mean by that. I would be happy to have recommendations from the committee to understand how we can give clarity to what the goals mean without amending the goals. If that means doing it through guidance, that would be helpful. Or we could do it through examples. I am more than happy to understand that better to see how we can deliver what the Member and the Members aspire to achieve. However, being honest, I am really reluctant to change the wording of the goals, because we believe that they are encompassing, and once we start being more definitive for individual purposes there is potential for weakness. So, we have a general principle of what we think should apply. I am more than happy to understand from you and committee members what you think needs to be clarified and how you would like that to be done, without changing the wording of the goals.

[63] **Russell George:** Minister, I wonder whether you could outline the role of the Auditor General for Wales in delivering the Bill.

[64] **Carl Sargeant:** This is an important point, and I know that the committee has received a view from the auditor general. I will be meeting the auditor general in the next week or so just to clarify some of the concerns he has voiced publicly. I think that the process for the auditor general is about the inspection process for public bodies. I think that there are two things that he is concerned about. I do not think that we are miles away, but before I give you a definitive answer about what we have come to an understanding on I would like to meet the auditor general. Our principles stand as drafted in the Bill. We believe that there may be some further discussions. Well, further discussions will be required between me and the auditor general just to clarify some of the issues he raises. When I have completed those discussions, I am more than happy to write to the committee to clarify our collective position, hopefully.

[65] **Russell George:** Yes. When the auditor general came to give evidence to us—you will be aware of his concerns—effectively, he was saying that the analysis from his legal advice was that he does not believe that the powers and functions he believes you are putting on him are an obligation. I think that that is what his concern is. The main issue is that you are saying that the legislation as it is drafted is putting him under a duty to carry out reviews, and he is saying that he does not agree with that. Is that the position as you understand it?

[66] **Carl Sargeant:** That is the position. However, may I say that one of us may be right? *[Laughter.]*

[67] **Russell George:** One of you has to be right. *[Laughter.]* I think that what you are saying to the committee is that you are going to have a discussion with him and that you would be open to bringing forward an amendment following that discussion—

[68] **Carl Sargeant:** Subject to that. I think that the auditor general will play a really important part in this process, and what I am saying is that there are differing opinions and those are based on legal advice. We have legal advice, he has legal advice and, somewhere in the middle, they will meet. I think that we just need to clarify that with the auditor general, and if that means making amendments we will probably put some Government amendments down, if we need to do so.

[69] **William Powell:** Several Members have indicated that they want come in. Julie Morgan is first, then Joyce Watson and then others will follow.

[70] **Julie Morgan:** I was going to follow up on the goals, actually. Shall I come in now?

[71] **William Powell:** Yes, please come in now.

[72] **Julie Morgan:** Do I understand from what you said to Mick Antoniw that you are not prepared to change the wording of the goals?

[73] **Carl Sargeant:** I am not convinced, Chair, yet, to change the wording of the goals.

[74] **Julie Morgan:** Right. Obviously, you said that you have been lobbied by a lot of organisations and, of course, we have been lobbied by a lot of organisations as well. Some of the proposals put forward did to me seem to possibly improve them. What process can we go through to take forward some of these suggestions, which perhaps tweaked some of them in a way that was very positive. For example, the Royal Society for the Protection of Birds proposed enhancing the resilience duty. I wonder whether there is anything you could suggest on that.

[75] **Carl Sargeant:** Without being specific to any organisation, the irony is that some of the organisations helped to draft these goals and then they seek to amend them. So, I am slightly bemused by some of this process, and it will continue. As I said to Mick, I am more than happy for the committee to write to me with details of anything that may strengthen the interpretation of the goals without changing the wording of the goals, so that people understand what we mean. I am more than happy to do that.

10:00

[76] As I said, RSPB has been one of many that are seeking to make amendments. When we amend it—we considered amending it—another organisation comes through and wants to amend that, so we have to draw a line at some point. We think that these goals are very well balanced and all-encompassing, but if organisations need clarity—the ones that seek to lobby you too—I am happy to consider that outside of the wording of the goals, maybe in a process of guidance.

[77] **Julie Morgan:** When you say ‘outside of the wording of the goals’, do you mean the goal and also the description of the goal?

[78] **Carl Sargeant:** Yes.

[79] **Julie Morgan:** You are including the description of the goal as part of the goal.

[80] **Carl Sargeant:** Absolutely.

[81] **Julie Morgan:** Right. Okay, thank you.

[82] **William Powell:** I call Joyce Watson and then I know that Jenny wanted to raise a particular issue with regard to the auditor general.

[83] **Joyce Watson:** I actually want to raise an issue on the governance of the commissioner, but more specifically about the duty placed on public bodies to follow recommendations. Minister, could you give any example at all of what constitutes an appropriate good reason and alternative course of action where a public body does not follow a recommendation of the commissioner?

[84] **Carl Sargeant:** Again, because the Bill is not prescriptive about what organisations should be—nor should it be—what we are trying to do is ensure the democracy of organisations, and that they are able to commit and make choices. That is really important.

We, you or the public may not agree with those decisions, but the process is demonstrating the applying of the goals and the thinking behind the decision-making process, and evidencing that to the public at large through a report that goes through to the commissioner.

[85] The process of the commissioner then making a recommendation to a public body is one of importance, because bodies must fully understand, when making a decision, that it is under the scrutiny of the public and the commissioner and that they have to demonstrate that. That is why the democratic bit is really important, because when you make a decision, you have to apply that to the public. People then understand why you made that decision. Why have you purchased your school uniforms from a sweatshop in China? Is that the principle of the council? Is that how the council or another public body wishes to be portrayed? I think that that is a really positive intervention, publicly, on an organisation. The process is not one element; it has to be considered as a whole decision-making process across the whole Bill, and how that is applied and, therefore, through to the recommendation of the commissioner. That is a very broad example of what it could be, but it is down to the individual decision-making process of an organisation. Amelia, did you want to say anything else on that?

[86] **Ms John:** I think that, in terms of the recommendations, the reason that organisations can say that they will not comply with those—as the Minister said, they have to be very clear; they will have to publish those reasons—might be, for example, because they do not feel that they have the capacity to deliver on the recommendation or that the recommendation results in breaking the law or a pre-existing contract. So, it is to cover that sort of area, but they would have to be clear and explicit and publish the reasons for not following the recommendation, and then be open to public scrutiny on that.

[87] **Joyce Watson:** If they did that and were found wanting, what would the sanction be?

[88] **Carl Sargeant:** As I said, it is about reconciling that with the public at large and, again, making sure that there is compliance with other regulations that are in place. However, this is about the choice mechanism for a local authority—I keep saying ‘local authority’, but I should say ‘public body’—and how it determines its future and an opportunity to take it back right to the beginning of applying the goals to the decision-making process and, therefore, how that is defined. The worst-case scenario is where an organisation fails to carry out that process and is defined by the commissioner as wanting. How then is that interpreted by other legislation pathways? Is it a failing authority? Is it not improving? There are elements within other legislation whereby there can be interventions, but not in this Bill. This is about the principle of this Bill, and a decision-making process to take people on a journey for improvement to a better Wales.

[89] However, there are other sanctions in other pieces of legislation if they were to get to that point. I do not believe that any organisation would purposely want to make bad decisions and have it evidenced how it had got there. The commissioner will be very powerful, although prohibitive in their actions in terms of what they do then, but they will be able to demonstrate what the organisation has done and how it has done that. That is quite a powerful process. Nobody likes to be brought to the forefront and no organisation likes being told, ‘You have made a bad decision’ or, ‘You have made a decision that has a negative impact on your community because of this’.

[90] **William Powell:** Minister, on that point, I note that, in the letter that you have sent to the committee, you indicate that the guidance that Welsh Ministers may give to public bodies on responding to recommendations is likely to include the consequences if public bodies do not respond to a particular recommendation, or the response provided is considered not to be satisfactory. So, that gives us some useful reassurance on that point as well.

[91] **Carl Sargeant:** Yes, absolutely. That is what I was explaining to Joyce Watson.

There are other elements of legislation that could be enacted in terms of failure to improve. The Local Government (Wales) Measure 2009 is one element that could be considered, particularly with regard to local authorities. However, generally, a letter from the Minister usually makes people sit up.

[92] **William Powell:** Absolutely. Jenny Rathbone has been very patient, having indicated earlier.

[93] **Jenny Rathbone:** I just wanted to take us back to the auditor general's role, because there are two key points that need addressing. It is disappointing that you have not been able to see the auditor general before coming here, because this is the last opportunity for us to discuss this under the first part. First, the auditor general currently has a duty to secure economy, efficiency and effectiveness. As Isobel Garner, the chair of the Wales Audit Office points out, this is not the same as sustainable development. Therefore, it would be appropriate to use this Bill to amend the Public Audit (Wales) Act 2004 to enable the auditor general to look at it in terms of sustainable development, which would embrace economy, efficiency and effectiveness.

[94] Secondly, at the moment, he or she is obliged to undertake assessments of authorities' compliance with improvement duties under the 2009 Measure, but there is an important saving and it would enable the auditor general to operate sustainably if he or she does not have to look at each authority separately, but can look at how well a particular group of public bodies undertakes a particular action in terms of the outcomes that are desired. So, I think that those are two very important aspects that I would ask your legal team to look at closely.

[95] **Carl Sargeant:** I am very grateful, once again, for the Member's contribution. That is exactly as we understand it. The issue is a legal issue and one of competence. We are seeking to clarify that with the auditor general and the legal teams. I am confident that there is a way through this, and I share the idea that there is a principle of cost saving on the basis of what the auditor general already does. I do not think that there is a new duty, measuring the function of sustainable development in the processes is something that the auditor general already enacts. There is a difference of opinion in terms of the process by which a duty is applied, or otherwise, in terms of measuring the effectiveness of the implications of sustainable development. Therefore, we are seeking to clarify that with the auditor general and both legal teams. It would be fair to say that the legal advice differs, but we think that there is something in the middle that we could agree on, with the principle.

[96] We are not saying that the auditor general is wrong in his thinking, nor are we saying that we are wrong. There are things that we need to clarify between the both of us in terms of how this will move forward. I accept the issue that, unfortunately, I have not been able to meet him. We have put a request in and I will let you know as soon as I have clarified that. I would say this, would I not, Chair, but I would not worry about it too much? We will clarify the position and I will write to the committee about where we are with that. It is an important piece of the jigsaw of the Bill. We understand that, but there is some legal terminology that he has interpreted and that we have interpreted slightly differently. I think that we just need to clarify that and it will be resolved.

[97] **Jenny Rathbone:** It is important because there is an opportunity here to reduce costs for local authorities and to enable the auditor general to operate sustainably, so let us hope that we will get agreement.

[98] **Carl Sargeant:** You have been reading our legal advice, I would suggest. *[Laughter.]*

[99] **Antoinette Sandbach:** I am glad that Jenny Rathbone mentioned the opportunity to reduce costs, because some of the concern that has been expressed both by the auditor general

and by Natural Resources Wales is that the regulatory impact assessment does not properly deal with the costs. Minister, I know that you have said that no additional costs are anticipated as a result of the legislation, but the regulatory impact assessment indicates that there is at least a £5 million cost over five years and, in fact, the auditor general has expressed concern that, particularly, his costs have not been accurately reflected. The committee, as you are probably aware, has commissioned a piece of work from the auditor general and asked him to undertake that work. Will you be co-operating with him so that he can do that planned audit of costs by 5 December?

[100] **Carl Sargeant:** I will take the last question first, if I may. Certainly, we will be complying with the auditor general and helping him to understand the figures that we have produced in terms of the RIA. It is slightly ironic because it is the auditor general potentially asking for more money who will be auditing the process in terms of how the RIA is assessed. Notwithstanding that, of course we will support him in his work.

[101] This is not unusual, Chair. I have taken through several pieces of legislation and there is always an interesting discussion with the external bodies to which the legislation applies about the costs that are envisaged by these organisations. Generally, they will add a nought on. I can give you an example from the Housing (Wales) Act 2014 that we recently took through. With the homeless provision, local authorities at the time suggested that the initial costs would be around £59 million to apply the homeless provision within the housing Bill. When we came to the conclusion and the closure of the Bill, I think that we had agreed to agree on a figure of around £6 million, a significant difference.

[102] I accept that there will be concerns about this process, but let me, if I may, Chair, try to embed the whole principle as to what this Bill is. This Bill is about taking forward the principle of sustainable development at the core of your decision-making process, not as additionality and not as a bolt-on exercise, but actually at the forefront of your plan-making process. This should be the core principle. They tell me that this is already happening, so I cannot see for the life of me why this will be an additional duty or that it will have additional costs. Actually, this is what they should be doing. This is what we should be doing. Therefore, I do not expect this to be extra; this is about what we should be doing in the first place.

[103] Of course, I expect there will be differences of opinion on costings, but, at the core of decision-making processes, SD should be there, and the future generations Bill is putting in legislation what they already say they are doing.

[104] **Antoinette Sandbach:** Obviously, local councils have had incredibly tough budget settlements and in-year reductions, and even PricewaterhouseCoopers, in its assessment for you, Minister, has indicated that, in the administrative impact assessment,

[105] ‘there is still a significant amount of effort required to ensure that councils’

[106] —so, it is talking about local authorities—

[107] ‘can effectively align their resources to the goals.’

[108] So, there is an administrative impact, and there is a bureaucratic impact in terms of logging the outcomes and the decision-making process. Do you think that you can identify that so that we can ensure that local authority resource is not being taken away from the front line and from services? How are authorities going to cope with the statutory services that they are already obliged to provide in the light of the issues that they are facing at the moment?

[109] **Carl Sargeant:** If we are being honest, the process of the future generations Bill is probably five years too late.

10:15

[110] Actually, this is the very reason why we need the future generations Bill, because the decision-making process for all of these organisations that are under pressure is about applying a principle regarding how we protect our communities in the longer term, having a long-term view of decision-making processes in legislation. That is why the details—. I refer the Member back to my response to her a moment ago. When authorities—and the Member mentioned local authorities specifically—are making those difficult decisions and applying reductions in services, because of the tight settlement that they have received, which is because of the tight settlement we have received, there is a process. They have to be able to demonstrate to the community exactly how and why they have come to those conclusions, bearing in mind the goals that are applied within this Bill. I think that this will help them. If they apply this to their principle of change, rather than saying, ‘Let’s just stop delivering this service, because we need to find a certain amount of money’—. If they apply the sustainable development criteria around the future generations Bill, they can demonstrate how they have come to that conclusion. We have, I think, 11 local authorities that are early adopters of this policy already. I am really impressed; I met them on Monday and they are doing some fantastic work. It is early days, but they are saying that the principle of this is about change, culture change, leadership and making those decisions for the right reason, but this helps them in that process. So, I do not accept that there is additionality, nor do I accept that it will cost more to do this. This is what they should be doing, notwithstanding that there is a transition process for them to start culturally shifting from the way in which they make those decisions currently.

[111] **Antoinette Sandbach:** So, with the public service boards requirement that this Bill is going to put in—because, at the moment, the Welsh Government funds the service boards—are you going to fund the PSBs?

[112] **Carl Sargeant:** I think that the local authorities fund local service boards.

[113] **Ms Rees:** We do provide some of the money for funding. Obviously, there is a European social fund project that has been providing some funding as well. Currently, we are undertaking some evaluation of the LSB support role that is being funded through those mechanisms in light of this Bill, and we will be taking those recommendations to the Minister for Public Services, moving forward.

[114] **Antoinette Sandbach:** So, when are we going to know?

[115] **Ms Rees:** That will be a part of the budget announcements in early December.

[116] **Antoinette Sandbach:** So, in early December, you will be in a position to inform the committee as to whether or not this extra level, the PSB requirement, will be funded by the Welsh Government.

[117] **Ms Rees:** Yes, but that is only a proportion of it. There is other funding through local authorities, and other partners provide input into those PSBs as well. However, also, with regard to PSBs, in light of local government reform, it is a matter of thinking about a phased commencement with regard to public service boards as well, to stop people from having to do local wellbeing assessments and local wellbeing plans within a very tight timescale in current structures when, with local government reform, we are moving to new structures. So, we are looking at phased commencement to reduce that burden as well with regard to local government.

[118] **William Powell:** I call on Llyr Gruffydd and Joyce Watson—

[119] **Carl Sargeant:** If I may, Chair, the Member raised a really important point about financing. There are some really good LSBs out there currently, and there are some that could be better. By putting PSBs on a statutory footing in terms of this process, there may be an argument for defining who pays what within that contribution. So, there will be others, other than local authorities, other public sector bodies, in that decision-making process that should be partners, true partners, and that might mean making financial contributions, too.

[120] **Antoinette Sandbach:** If that is the case, are you prepared to disclose that to the auditor general? Obviously, he is reviewing the cost, and that is clearly going to be a cost on organisations that perhaps currently—for example, the fire service or Natural Resources Wales; I do not know who you are considering within that. Will you disclose that to the auditor general?

[121] **Carl Sargeant:** We are more than happy—why would we want to hide anything from the auditor general? He would find it anyway. [*Laughter.*] The whole process for us is about being transparent.

[122] However, Chair, what I want to clarify is that this is not an additional process. LSBs are operating already, so I do not see this as another layer of bureaucracy in terms of the determination. What this does is to put it on a statutory footing, by saying that you cannot now not be a part of this process. It would be fair to say that there are some areas of LSBs' operation where there is limited engagement by some of the public sector bodies when there should actually be some.

[123] **William Powell:** In a recent evidence session, we learned, for example, that national parks have tended to be rather detached from some of the local service board functions, which was a matter of some concern.

[124] **Carl Sargeant:** I will be taking that up with them directly, Chair.

[125] **Llyr Gruffydd:** I am interested in the suggestion or the mention of a stage or phased approach in terms of introduction. Does that mean that it will be linked in with public sector reform on those changes so that when we do see the new local authorities emerging, the PSBs will emerge subsequently?

[126] **Carl Sargeant:** I think that what we have got to do with this Bill and all of our legislation is to future-proof, and that is why defining areas within Bills is really difficult. You have got to give them a broad principle of change so that when there will potentially be new local authority boundaries at some point, that can be applied to it then and that is exactly what will happen when the PSBs do.

[127] **Llyr Gruffydd:** So, we will not see any new PSBs emerging until we see the new local authorities emerging?

[128] **Carl Sargeant:** No, I do not see that actually. I think that there will be a natural transition for some, but, of course, there will possibly be some voluntary mergers in the interim which would lead clearly on to PSBs. What I much prefer, and I am pretty sure—although I very rarely speak on behalf of the Minister for Public Services—that he would agree with me on the principle that we would like them to do that first before we have to do that for them. That is something that he would encourage LSBs to do—to develop into their PSB status as soon as possible. However, managing the process of change is going to be important too.

[129] **Llyr Gruffydd:** Clearly, the Minister that you referred to has a role to play in all of



this and I am just mindful that we, as a committee, have not engaged with that Minister in our scrutiny process. That might be something that we will need to address if not directly in oral evidence, then certainly in some form or other.

[130] Can I just come back to something? You said earlier that local authorities are already doing a lot of this or they are telling you that they are, and I am sure that a lot of that could well be true. So, why does the Bill not explicitly require the duties that are articulated here to be incorporated into the corporate planning and reporting processes that they already have? One of the criticisms that has been made to us as a committee is that some sort of parallel objective-setting and reporting system seems to be being set up for this Bill whereas, in fact, that should truly be embedded?

[131] **Carl Sargeant:** There are duties on local authorities in terms of how they operate and demonstrate. We are not being prescriptive and, as I mentioned earlier, this is about democracy—people making choices locally and defining how they have made those choices and why. I was encouraged that half of the local authorities, as I said, are early adopters of this process and they are all very positive. I have met with Monmouthshire, Merthyr Tydfil and Cardiff local authorities who tell me how they are interpreting this potential piece of legislation and how they are interpreting their processes. They said to me, and I am being open with you, that this is quite a challenge because, as I said earlier, this is about leadership—people not now making decisions for political reasons, but making them on the basis of the principle of the goals, namely the future generations and wellbeing of the nation. That is quite a cultural shift in the way, as the Member will be aware, that local authorities generally operate. I am sure that they all act with good intent, even in their political decisions, but this is about demonstrating the way that they have come to that conclusion and how they are doing that.

[132] I think that they have found testing the system enlightening in terms of how it operates. I said to them that if 11 of them are now doing it voluntarily, if we could get the other 11 to do it, we would not even need the Bill. However, realistically, I have worked in local government before and we are not always going to get them to the table voluntarily. I think that what we are trying to do here with the legislation is to make sure that this is about compliance and that what we say will make Wales a better place and that they do that; otherwise, there will be all sorts of different layers in terms of how they interpret that on a voluntary basis.

[133] **Llyr Gruffydd:** So, you do not think that it needs to be explicitly stated in the Bill that it should be mainstreamed into their existing process.

[134] **Carl Sargeant:** That is the principle, but on defining that, Amelia?

[135] **Ms John:** We actually looked, in developing the Bill, at putting some sort of a duty around the corporate plan, but I think that only one organisation has a legislative duty to have a corporate plan, so it is not possible to attach it to something where they do not have a legislative duty. So, we are making it very clear in terms of what the Minister just said in terms of contributing to the goals, maximising the contribution and, obviously, guidance will make it crystal clear as well that that is expected to be right at the centre of their corporate planning and annual reporting.

[136] **Llyr Gruffydd:** Okay, thank you.

[137] **William Powell:** Minister, if a particular public body is also member of one of more of the service boards, is there potential there for other conflict or duplication in terms of their reporting duties?

[138] **Carl Sargeant:** Not at all, and that already happens in terms of LSB membership. I think that the potential to streamline—to reduce the number of LSBs down to a more manageable PSB level—is really important. We see in some areas where the fire service and police and crime commissioners will be dashing around six or seven local service boards and talking about similar things in all of them. Actually, you can get a better service provision when you do it on a regional basis. Even at a local level delivery is important, and maximising the opportunity for an organisation to be able to contribute properly to PSBs is something that probably—. Well, we know that some have already joined up, but 22 LSBs is quite unwieldy in terms of trying to get an organisation to meet all of them. If you are a public sector body that looks after the fire service, the police et cetera, it is quite a challenge, and I recognise that.

[139] **William Powell:** Thank you. Joyce Watson.

[140] **Joyce Watson:** I would like to come back to accountability. It has been suggested that, in Part 4 of the Bill, you have created oversight roles for the Welsh Ministers, the commissioner, the Auditor General for Wales and local authority scrutiny committees, and that that can lead to confusion. Would you like to make a comment about that?

[141] **Carl Sargeant:** We anticipate that the local scrutiny and accountability processes, including comprehensive consultation in that process, and engagement and annual reporting will ensure the robustness of the wellbeing plans that are in place. We do not think that there are any risks in that process. We have mapped out the whole issue around the consultation. Again, we go back to the governance principles of applying the goal: collaboration, long-term prevention, integration and citizen-centred. All are key words in assessing, and they are being measured by the commissioner and others in looking at the process and how it is interpreted. We think that there is a clear pathway in terms of monitoring and having an overview of the situation.

[142] **Antoinette Sandbach:** I wanted to move on to the powers and governance of the commissioner. There has been almost universal support that the commissioner should be appointed by the Assembly, and that his appointment should be overseen by the Assembly. Given that that is the universal view of all the consultation respondents to this Bill, are you prepared to look at that, Minister?

[143] **Carl Sargeant:** It is not a view that I share. We are looking at the process that is already in place, which is consistent with the appointment of other commissioners, and we do not see why there is any reason to change from that. There have not been any allegations of misuse of that in the past, and therefore we do not see that there is any reason for that to be amended at this point.

[144] **William Powell:** I sensed movement from you on that point the other day in Plenary.

[145] **Carl Sargeant:** Did you? I may have given you the wrong impression then, Chair.

[146] **William Powell:** Evidently so.

[147] **Antoinette Sandbach:** I do think that there is a very real concern about the ministerial appointment of the advisory panel. Clearly, if the commissioner is going to be independent, as you have said, he should have the ability, or she—sorry, I have argued for a she, as you know—she should have the ability to decide what expertise she might need, and appoint her own panel. I think that there is a great deal of concern over the fact that it would be seen as political appointments by the Minister, not independent appointments by the commissioner.

[148] **Carl Sargeant:** Again, Chair, I have listened carefully to the evidence presented to committee, and, of course, that has also been raised with me. What we are seeking to do with the appointment process for the panel is to ensure that we have a broad range of membership. We can demonstrate in many other areas on appointments to panels as to how that has worked well in many situations.

10:30

[149] I will give some further consideration—this is your little chink, Chair—to how we would potentially engage the commissioner once appointed and how that panel may be set up. I would be happy to consider the relationship between the two. It would be really unfortunate—. Bearing in mind that the role of the panel is to add value to the scrutiny of the commissioner and the considerations on that, that is why it does not quite sit right with me that a panel scrutinising the commissioner would be a panel appointed by the commissioner. So, I am saying that, to add value to that process, I would be happy to engage with the commissioner in that appointment process of the panel.

[150] **Antoinette Sandbach:** My understanding is that the panel is to assist the commissioner in scrutinising Welsh Government Ministers and other bodies, rather than scrutinising the commissioner.

[151] **Carl Sargeant:** On the interpretation of scrutiny, I said ‘add value’. I do not think that it is healthy for the panel just to agree with the commissioner and say, ‘We agree with everything you do’. The advice is to actually challenge too. This is about saying what the views of the commissioner are or are not.

[152] **Antoinette Sandbach:** I accept that, but would you not agree that it might be better to allow the commissioner to lead the process and have ministerial appointment or approval or Assembly appointment or approval, which is what I would prefer?

[153] **Carl Sargeant:** I am sure that you would like Assembly approval—why would you not? What I have said, and I have been clear, is that I have had no indication otherwise, unless the committee can provide me with evidence, to suggest that any of the commissioners who are in post currently are not independent. The process that we are applying is exactly the same. I am surprised if there is an inference that the appointment of any of the commissioners has negated their appointment to be independent in the way that they operate currently.

[154] **Antoinette Sandbach:** There was clear evidence to us that the commissioner may well need powers of investigation; in other words, to be able to request evidence, or if necessary to be able to order the production of evidence. Will you be considering amendments in that area so that the commissioner has the ability to ask for information when PSBs or other organisations and public bodies who may be under scrutiny may be less than willing to co-operate?

[155] **Carl Sargeant:** That is an important point the Member raises. We would not want the commissioner to be in her job and not have the ability to use data that would be helpful. I will give that some further consideration in terms of the legislative tools that may be applied. There is a Part in the Bill on working and collaborating with other commissioners too. That is an important part of making sure that the strength of the commissioner’s view and an acceptance by the PSBs or otherwise is something that is taken very seriously.

[156] **Antoinette Sandbach:** My final question is on resources again. There is concern that the resources that have been initially allocated may not be sufficient to allow the commissioner to do that kind of investigative and evidence-gathering work or to commission, for example, research or specialist advice. Are you satisfied that your regulatory impact

assessment estimate of costs, based on an office of 20 staff, is realistic and sufficient to be able to provide the kind of oversight that you are hoping for from this commissioner?

[157] **Carl Sargeant:** Yes.

[158] **Jenny Rathbone:** I want to look at Part 5 of the Bill around the powers of Welsh Ministers to make amendments without reference to other parties. Devolution is a continuous journey and co-production of services with citizens is an ongoing issue. So, I have two anxieties: one is the ability of future Welsh Ministers to change the goal posts without having discussed it with public bodies that will be affected by that change in the goal posts, and the second is one that was raised by the WLGA, which is about the obligation on Welsh Ministers to hear the voices of local communities and have regard to local intelligence, needs assessments and wellbeing plans in the way that we are assessing what is sustainable. So, I wonder whether you would be in any way open to amending the powers under section 52 to ensure that Welsh Ministers were obliged to consider the implications of any change, in terms of the costs involved, and to have a dialogue with other stakeholders.

[159] **Carl Sargeant:** Indeed, there is a procedural process through this; it is not just by virtue of a Minister seeking to make changes on a whim. There is a consultation process. I do not know whether Louise can add value to this. I think that this is just a general power and function that we apply to most Bills. Louise may be able to give you a bit more of a legal definition of that.

[160] **Ms Gibson:** Yes. It is a common legislative provision, and it is just really a matter of good drafting practice to include within the Bill. It has been included in four previous Assembly Acts, including the Housing (Wales) Act 2014, the Education (Wales) Act 2014 and the Agricultural Sector (Wales) Act 2014. So, it is nothing novel or contentious. The actual provision in section 52 is limited. So, it would not enable Welsh Ministers to do something that contravened the provisions of the Bill. So, it is not a risky provision. It would only be used for making any changes that were consequential, to enable the operative provisions to work as they are intended, having been subject to the scrutiny process in the Assembly.

[161] **Jenny Rathbone:** That is a useful clarification, because there was some anxiety expressed by people who were giving evidence to us. The other point is about the relationship between the citizen and different layers of Government and the importance we can attach to local views and plans. I wonder whether you think that there might be some merit in including in it some sort of recognition of the citizen's relationship with the public services that they fund.

[162] **Carl Sargeant:** One of the governance approaches—I keep going back to them—is about being citizen-centred and making sure that you engage with the community. This is a really tough one for all public bodies, including us as Government: how do we engage the public? In general—and elected Members will probably share this view—unless it directly affects people, sometimes, it is really hard to engage them, particularly on planning.

[163] I am taking through the Planning (Wales) Bill, and I try to engage people and say, 'Look, this is a really important Bill and it will change the future'. However, unless it is the development right next to them, it is not making them engage very well. So, that is a huge challenge to us. However, what we are saying is that, within the principle of how people make their plans and decision-making processes, councils, authorities and public bodies have to demonstrate to the commissioner thorough a plan how they have engaged with people and their communities, exactly in the way that Jenny raised this important issue. So, it is in the principle and operation of the Bill. So, we think that it is currently defined, but, again, if the Member feels that that could be strengthened in any way, we would like to do that.

[164] Let us not forget the work that Jeff Cuthbert was involved with in the national conversation. The Wales We Want was an important process, where the commissioner has been out, talking to people, and he is about to start his second tranche of that too. So, it has been a useful tool in engaging people and one we can learn lessons from.

[165] **William Powell:** On this point, Jeff Cuthbert wants to come in.

[166] **Jeff Cuthbert:** On this point—and on one other reply, if I may, which we have dealt with—I was going to ask whether anything further is emerging from the national conversations that may cause a significant change to the Bill, as drafted. The second issue is about who appoints the commissioner. I accept that most witnesses, certainly while I have been here, have supported the notion of the Assembly making the appointment. That is not universal, because I share your view on the matter. However, if the position was to be appointed formally by the Assembly as opposed to the Welsh Government, who would be responsible for meeting the costs of the office?

[167] **Carl Sargeant:** If it was an appointment by the National Assembly for Wales, it certainly would not be me or my department; it would be a duty that falls to the Commission. Again, how do we apply that to other commissioners? It just does not sit right on the basis that we have a process already. If the public is saying that the whole system is broken, because there is lack of independence of commissioners, which I do not think is true; I have not seen any evidence of that, and therefore—. We are often accused of tinkering with systems—‘If it is not broke, why are you messing with it?’ Actually, this system is not broken; this works really well. The independence of these organisations and commissioners is clear, and that is why we continue and are firm in our belief that that is a process that should be followed.

[168] The Member is right to raise the issue of finance. I do not know whether the committee, in its deliberations, is considering writing to me to say that these should be appointments of the Assembly. Have you written to the Commission asking how it will fund it? I would expect that it has not considered that process.

[169] In terms of the national conversation, we are now looking at other potential opportunities in that process. I have met Peter Davies on several occasions and he is doing an incredible amount of work in talking to people and engaging people about the Wales We Want. However, there is nothing significant in terms of any changes to the drafting of the Bill. He is still very positive about that process. I know of the work that you did, Jeff, in bringing this to the forefront.

[170] The big ask is something that Jenny touched on before—and I have mentioned it—which is the communication of this and how we get people talking about the Future Generations and Well-being (Wales) Bill. I am trying to engage young people now to start thinking about that process. We have done it on waste and recycling. That is not a really attractive subject, but actually we are doing really well. What are we doing there that makes people think about this for the future? I do not have that silver bullet, but if we start talking this up—. I have been quite disappointed with the negativity surrounding the process of the Bill and people saying, ‘It is too prescriptive’ or ‘It is not prescriptive enough’. Actually, this is a game-changer for Wales. This could set us out as a whole different place to any other part of the UK, and certainly highlight us in Europe. That international objective about what we do in Wales has an impact that is broader than Wales. I am actually quite passionate about this Bill now. Four weeks ago, if you had asked me, it may have been a different conversation, but actually I sleep this Bill at night, now, which worries me. *[Laughter.]*

[171] **William Powell:** Thanks for sharing that, Minister. Julie Morgan, you have been very

patient. I know that you have some issues regarding the commissioner.

[172] **Julie Morgan:** Thank you, it was on the commissioner, but we have come back to the commissioner now, so that is fine. However, on that previous point about the conversation and the Wales We Want, it is obviously very important if people have contributed to a conversation that they see the results of their conversation, that notice has been taken, that it has been absorbed and that it is reflected in legislation. Do you feel that that has happened with the conversation so far?

[173] **Carl Sargeant:** I think feedback, again, is really important to the people who are engaging in this process. I will have a conversation with Peter Davies, who has been very positive about this process, and I will ask him to provide me with some evidence and data that would be helpful for the committee, just to show how the conversation has taken place and how he can demonstrate that that feedback has been taken on board. It is a really important process.

[174] Peter has been very helpful and objective in the way that he has been able to shape the process of moving forward and how the Bill should be shaped. I have had a conversation with Peter about whether there is anything that he has heard or listened to that is fundamentally different that should be in the Bill and he has not come up with anything else.

[175] **Julie Morgan:** To go back to the commissioner, I have seen no evidence that any commissioner has held back in being independent and, you know, criticising the Government, so I would not feel that it was necessary for the Assembly to appoint the commissioner. That is my independent view.

10:45

[176] However, I do think that there are discrepancies between the commissioners that should be ironed out. In particular, there is the length of term. For the children's commissioner, it is a seven-year term. The older persons' commissioner is a four-year renewable length of term, which means that as soon as she has started the job she has to be planning for ending it. So, I wondered whether you could comment on whether, for this commissioner, we should really be considering a seven-year term.

[177] **Carl Sargeant:** I would welcome advice from the committee on that. I think that you are absolutely right; there should be some consistency. Aside from this Bill, I think that I will raise that with colleagues across Government to see whether there is anything that we should do to bring things into line that are statutory and professionally effective and right.

[178] **Julie Morgan:** Thank you.

[179] **William Powell:** Minister, on that very point, would you consider building into your forthcoming meeting with the auditor general part of the conversation around that very issue of bringing greater consistency to the commissioners? The auditor general obviously has a very critical role in this whole process in relation to the various commissioners. Would that be a useful conversation also?

[180] **Carl Sargeant:** Let us see how the first part of the conversation goes with the auditor general. [*Laughter.*] However, I am more than happy to raise that with him; of course I am.

[181] **William Powell:** I think that it would be of use. Russell George is next.

[182] **Russell George:** I wish you all the best with your conversation with the auditor general. Going back to the role of the commissioner and how it is appointed, you understand

that we are pressing you on this because we have had so much evidence that is contrary to what you would want to see. However, perhaps I could turn the question the other way, what is your issue or problem—or what do you see as the negatives—with that appointment being made by the Assembly?

[183] **Carl Sargeant:** As I have said, Chair, this is a tried and tested process. I am surprised if there are Members here who would suggest otherwise—that the independence of any of the commissioners is not qualified. The fact, I believe, as Julie Morgan has said, is that we are very lucky with the commissioners that we have in Wales because they are truly independent and very robust. They do not shy away from being critics of individual bodies or indeed Government. I do not believe, on the basis that the system is not broken, that there is any requirement to change, unless the Member can provide me with details, from any point in time, showing that he believes that the commissioners for any of the organisations have acted inappropriately and therefore not acted as independently as they should have.

[184] **Russell George:** Do you believe then that you as Minister, or any future Minister, would never have any undue and wrong influence on the commissioner?

[185] **Carl Sargeant:** That is correct. I do not appoint the commissioner, and I would not. It is a duty for the First Minister.

[186] **Russell George:** But my question was—and you have not answered the question, with respect—what do you see—. You have talked about how the issue is not broken, and I understand that, but what would be the negatives if a commissioner was appointed by the Assembly? What is the issue? What would be the consequences? What would be the problems with that?

[187] **Carl Sargeant:** As I have said, we agree to disagree. I think that I did answer the question in terms of that process. I said that the system that we use is appropriate. I do not see any reason to move from that. Therefore, the challenge is really for the committee, in effect, with all of the evidence that has been provided to the committee, to show exactly why we should move from that process, and I can only think of one reason, which would be because the system was broken or a commissioner was acting inappropriately. I do not believe that to be the case, and, unless the Member can provide me with that detail, my mind has not been changed.

[188] **Russell George:** We could provide you with the evidence that we received from witnesses that has shown us how commissioners in other parts of the world have been appointed by the institution rather than the government. Of course, they would say that it is not broken. They would then say that there is better governance and more independence. So, that is the evidence that we provide you with. However, in that situation, the commissioners are appointed by the institution. In examining this, have you looked at how the role of the commissioner has worked in other countries where the commissioner is appointed by the institution?

[189] **Carl Sargeant:** Well, there are many examples of what happens in other countries, Chair. I accept that other administrations will make other choices in terms of the way that is applied. The Member did not qualify his position on whether he is of the belief that a commissioner has acted inappropriately. I believe that not to be the case and, therefore, the system we have—. The question asked by Members was on consistency—whether we can create consistency around how the commissioners are employed, in the length of their term. We are happy to look at that, but, actually, I do not know how the system of appointment can be more independent than independent, really. It is an independent process, of the First Minister choosing to give independence to that individual to continue in their job. There is no evidence to suggest otherwise.

[190] **Russell George:** What I would like would be for you to provide me with just one reason as to what would be the issue with the commissioner being appointed by the Assembly. I just want one reason.

[191] **Carl Sargeant:** The Assembly will be able to scrutinise the commissioner. I think that I am right in saying, Chair, that, while the Assembly has the opportunity to scrutinise the commissioner, at no point has the commissioner been scrutinised by the Assembly.

[192] **Russell George:** As I understand it, the Children's Commissioner for Wales is appointed by a cross-party group of Members. That is the recruitment process in that area.

[193] **Carl Sargeant:** It is then agreed by the First Minister, I understand.

[194] **Russell George:** It is recommended to the First Minister.

[195] **William Powell:** Would you have any sympathy with the idea of co-decision, in the way you have just described, in terms of the First Minister endorsing a recommendation coming from the National Assembly?

[196] **Carl Sargeant:** The position is that the decision is ultimately made by the First Minister, while ensuring that we are confident that the person being appointed is truly independent. I can see that the committee is interested in this appointment process; I will give it some further consideration.

[197] **William Powell:** There is one final question from me on this point. Do you think that there would be any merit in looking at the procedure that the European Commission adopts with regard to having a process of hearings, such as we have recently seen with the new Commission that is due to come into post later in the autumn, to expose potential candidates to that additional level of scrutiny, even if the decision was ultimately then made by the First Minister?

[198] **Carl Sargeant:** As I said, there are varying opinions. Personally, I quite like the theme that is moving through the committee this morning of saying 'She may be appointed'. Actually, I think that that is a very positive move. The principle of engaging with more women to get them into high-profile jobs is something that I would absolutely endorse. However, what we have to do is act through a professional process of attracting the people who are interested and who want to do this job, and there are many ways we can do that. A panel may be one way, although I am not convinced of the idea, but it might be one action that may take place to encourage people to look at the position of the commissioner for the future.

[199] As I have said to you, Chair, my view today is that the appointment process should stand as it is with all the other commissioners, but I will give further consideration to responding to the committee about how some of the issues that have been raised by Members today may be considered.

[200] **William Powell:** Thank you, Minister. One issue that I wanted to raise with you is on the concerns expressed to us by members of the caring sector and also by stakeholders from health that Schedule 4 to the Bill currently removes the express requirement to consider the needs of carers and children and also to produce co-ordinated health and wellbeing strategies, and for that to be replaced by implicit requirements in this Bill. There is a degree of confusion out there. I wonder whether you could bring some clarity to the Government's intention in that regard.



[201] **Carl Sargeant:** Yes, indeed. I think there are some indirect consequences of the Bill process. My team is in discussion with organisations regarding the carers and children element of this particular Bill and how that interacts with others. I would not be seeking to diminish their rights in any way. It is something where we need to profile how legislation will be enacted in future or disaggregated in other elements of Bills. It is something that I am very conscious of and it is something that I am keen to resolve with carers, in true collaboration with carers.

[202] **William Powell:** Minister, is this an issue on which you see the Welsh Government potentially coming forward with an amendment to resolve the conflict that is seen there?

[203] **Carl Sargeant:** There may be. I do not think that it requires an amendment within the Bill, but it may just mean that we do not do something with another Bill.

[204] **William Powell:** Are there any issues on this point?

[205] **Antoinette Sandbach:** I would like to move on to section 6. I am getting back to public services boards again, Minister, just to help. The Bill gives you the power to direct a PSB to review its local wellbeing plan. Can you outline to us in what circumstances you would anticipate Welsh Ministers doing that? That is obviously quite a draconian thing to do, so I presume that you would envisage that that would be used only in some very limited circumstances.

[206] **Carl Sargeant:** Absolutely. We would not want to be seeking to enact that power at all. I think that what we have seen in the past with engagement with LSBs and local authorities is that a discussion generally takes place where there is seen to be a plan wanting and where they have to start to redefine that. It is a very similar power to mine as Minister for planning, where we could, where an LDP has failed, call it in and we could do it ourselves. It is not good democracy when you are engaging in that process, so it is a point of last resort. However, where the commissioner suggests that a wellbeing plan is left wanting, the first point of call would be a conversation. It would certainly not be the case that a Minister would want to be instructing a PSB to redraft it. However, it is a fall-back position.

[207] **Antoinette Sandbach:** So, you see very limited circumstances in which that would be used.

[208] **Carl Sargeant:** Absolutely.

[209] **Antoinette Sandbach:** Right. You made a comment that the Bill does not give the Welsh Ministers powers to prescribe the content of local wellbeing assessments or plans. So, in effect, you are limiting yourself to the process. In other words, if they have not gone through what you would call due process, the kind of due process that you say this Bill embeds, that is when you will intervene.

[210] **Carl Sargeant:** That is correct. For clarity, the principle of the wellbeing plan is based upon the goals that are attributed to the Bill.

[211] **Antoinette Sandbach:** Okay. Finally, Part 4 creates oversight rules for Welsh Ministers, the auditor general, local authority scrutiny committees and, indeed, for the commissioner. Is there going to be a hierarchy? The lines of accountability seem quite confused for PSBs in terms of who they are going to be accountable to and where they might be accountable. Is that a hierarchy or are you saying, 'All of you are going to be working together'?

[212] **Carl Sargeant:** I think that it is where the failure of the process is deemed to be, or if

there is challenge within the system, where it would be dealt with most appropriately. I think that, actually, scrutiny committees of local authorities are very well placed in terms of the determination of enacting how that would be interpreted. So, I think that that is a very good starting point. On having a hierarchy, possibly the first point of call would be a scrutiny committee and, from there, it might develop into some other detailed discussion with the other elements of the scrutiny process.

[213] **Antoinette Sandbach:** So, for example, are you envisaging that a local authority scrutiny committee could say to the auditor general, 'We'd like you to look at this decision' or 'We'd like him to call it in'?

[214] **Carl Sargeant:** [*Inaudible.*]*—*from a process that is there now. So, I would suggest that that would continue.

[215] **Antoinette Sandbach:** One matter that we have had a great deal of evidence on and a great deal of concern about is the fact that section 36 deals only with social assessments and not environmental assessments or economic assessments. It seems that, in terms of sustainability, you are not allowing the assessments to be environmental or economic assessments. Are you open to looking at section 36 again to see whether or not that needs to be amended to include, or to talk about it being in the context of, environmental, social and economic assessments?

11:00

[216] **Carl Sargeant:** May I write to committee with the detail on that? I think that there may be interpretation or some drafting issues, potentially, there. Let me write to committee with some detail. Sioned might be able to add some value now.

[217] **Ms Rees:** Just to be clear, that list is not an exhaustive list either. It links back to the elements currently within the health and wellbeing plans and the other aspects related to them, so they have much more of a social focus. It is not an exhaustive list; it is just an indication of what we would be expecting them to look at.

[218] **Antoinette Sandbach:** However, there is only a social focus. There is no economic focus or environmental focus, and that has been a huge concern for stakeholders. In effect, they are worried that one element of what they would see as sustainability is, expressly in the Bill, being given priority, and that they would not be allowed to take into account the environmental and economic impacts.

[219] **Ms Rees:** Section 35 is quite explicit in saying that it is environmental, social and economic aspects that would need to be covered with regard to those assessments. Ministers can add to the list in section 36 as well, so when new Bills and processes come through, they will be added on, when required.

[220] **Antoinette Sandbach:** However, I think that the concern is that you are asking us to pass a piece of legislation, which we are scrutinising, and if Ministers can, presumably, both add and take away from the list without needing to amend the legislation, which is what you are saying, it would be my preference that it would be on the face of the Bill.

[221] **Carl Sargeant:** I think that you are pushing at an open door here—*[Inaudible.]*—of process. I am sympathetic to recognising that the definition there could be clearer. Maybe it is a drafting issue. We can clarify that in the process in a letter to you, Chair.

[222] **William Powell:** [*Inaudible.*]

[223] **Llyr Gruffydd:** Certainly, Natural Resources Wales has particular examples of things that could be added to that list, so it might be worth—

[224] **Carl Sargeant:** [*Inaudible.*] I genuinely do not like lists, certainly in Bills, because you always assume that you will miss somebody off, and they either shout or are very happy. [*Laughter.*]

[225] **Llyr Gruffydd:** I understand exactly what you are saying. There was reference earlier to the length of term for a commissioner, which reminded me that, within the principles outlined in section 8 of the Bill, there is talk of balancing short-term needs with longer-term considerations. We have had evidence expressing a concern that it does not adequately emphasise the importance of the long-term needs, and I wonder whether you think that the principle, as drafted, gives sufficient regard to the importance of long-term thinking in achieving sustainable development.

[226] **Carl Sargeant:** We do. That is, again, part of the test in demonstrating your decision-making process. Long-term future-proofing is part of the governance approach that will be applied to the plans that are made by the PSBs.

[227] **Llyr Gruffydd:** Is linking the planning and the production of the objectives by Welsh Ministers to the political cycle, therefore, a limit on that long-term process? We have certainly had evidence suggesting that that could well be a significant hindrance.

[228] **Carl Sargeant:** I think that that is really tricky, because Governments come and go. That is a really important point about the reporting mechanism being early enough for future Governments or continuing Governments to make decisions about how they are going to interpret the future generations and wellbeing aspect of their manifestos. So, I cannot say that it does not have an impact, because I cannot give you reassurance that Governments may or may not change, but what I can do is say that the decisions of a Government or public body that is in place have to give consideration to future generations and wellbeing, longer term. They has to be able to be demonstrated. Can we legislate for future Governments or should we? Probably not. However, what we can do is to give confidence in the decision-making process, whoever is in power, at whatever level of government in the public sector, because the interpretation of this Bill will apply to their decision.

[229] **Llyr Gruffydd:** So, you recognise, in effect, that linking it to the political cycle does not really give you that space, security and certainty, maybe, for that meaningful, longer, transformative period. In a sense, when you have commissioners that are there for seven years, it transcends the political cycle. More of that kind of approach being reflected in the Bill might strengthen it somewhat.

[230] **Carl Sargeant:** Democracy gets in the way, does it not, in processes like this? [*Laughter.*] I can say that, but the fact is that what I would have to demonstrate—or you or whoever is in post—when making a decision in future is what we are changing. If we have made a decision because of reasoning where we have applied the Well-being of Future Generations (Wales) Bill to that decision-making process, in five years' time, in a different electoral cycle, with a different Minister, potentially, they would have to demonstrate, if they were moving away from a principle of policy, how they were going to apply the future generations processes there. It may be a choice, and we may not agree, but they have to demonstrate how they have got there. That is the capture element of the Bill. As to whether I can legislate for no changes to be made by any Ministers in the future by planning now, there would be some great opportunities there, but it is not democratic, I would suggest.

[231] **William Powell:** The committee will reflect on whether you were building the case there for benign dictatorship, Minister. [*Laughter.*]

[232] **Carl Sargeant:** I would like to read the response. [*Laughter.*]

[233] **William Powell:** In the last few days, we have had some pretty unedifying exchanges regarding health services, reminding us of the dependence that many residents in Wales have on facilities across the English-Welsh border. Do you feel that the Bill as currently drafted reflects the interdependencies that we have and, indeed, our English neighbours have in other respects, particularly our water resources, for example? Are there issues there that we should be taking account of?

[234] **Carl Sargeant:** That is a very important point, which goes back to one of the original questions on the international agenda, with ‘international’ possibly including England. The point is that our boundaries are only political boundaries. The wellbeing of individuals and Wales is an important factor that we have to consider. So, all of the decisions that we make that have an impact on Wales or individuals have to be considered very carefully within the structure of the Bill. As to whether it is prohibitive because we receive services across the border, well, we invest in services across the border, particularly in health. Once again, that will be a decision for the appropriate board as to how it applies the determination of the wellbeing goals. So, I do not think that it is prohibitive. I think that it enhances that provision. Once again, Chair, it is about demonstrating to the public—in Wales, the UK, Europe and the world—that, actually, at the heart of our decision-making processes in the public sector, we are considering now, but more importantly the future, and the impacts of that across the three cross-cutting themes of sustainable development, putting it at the heart of the decision-making process. That is a long answer to your very simple question, but I do not think that this is prohibitive in any way.

[235] **William Powell:** Minister, that sounded like a concluding statement, but I have just had an indication from Jenny Rathbone.

[236] **Jenny Rathbone:** Finally—and I apologise if I am going back over what has been covered by questioning from Antoinette—I heard you say that you do not like lists as a generality; were you then referring to section 5, which is the list of public bodies? One concern I have is that, by listing all of these public bodies, it could be a coach and horses for outsourcing services. If we list public bodies, but do not list the duties and activities carried out with public money, then that could be a very unfortunate consequence.

[237] **Carl Sargeant:** I do not think that we can place any restrictions on that within the Bill in terms of what the Member would be seeking to address in terms of the outsourcing element of that, apart from—and I know that Mick Antoniw is very keen on this, too—ensuring that there is much more to a decision than just value for money in terms of the cheapest quote. We need to ask what we are doing. That is why, if we apply the principle of the goals appropriately, the listed bodies will have to demonstrate the reason why they are going to China, if that is the appropriate thing to do. I think that there is a much clearer argument now about defining and demonstrating why you have made that decision, and that is part of that process. The Bill lends more support to being open and transparent in that process.

[238] Going back to the original question about lists, the problem with lists in legislation is that people drop off the end. I have seen that with current legislation. I have also had people saying to me, ‘We want to be on the list’, so it is quite tricky there. The problem with that section is that we had to define exactly who this was appropriate for—what the public body statement was and who it should be applied to. We have the 50% funding rule applied to that.. However, if the committee feels that there should be additions to the list, please write to me.

[239] **Jenny Rathbone:** An alternative, instead of additions to the list, would be to redefine what we mean by ‘public bodies’ which would include any body that met that definition.

[240] **Carl Sargeant:** Either way, if we do not have a list and we have to define it in some way, whether that is through guidance or otherwise, and organisations may wish to construct an argument about how they are funded in different ways, which may remove them from that process—. I think that we have a strong case for defining what those public bodies are and how we have come to that provision. As I said, I do not like lists, therefore, it would not be in the Bill if I was not comfortable with that process. However, of course, the scrutiny process is important to me, Chair, and I would be more than happy to listen to the committee if it had a recommendation on that.

[241] **Jenny Rathbone:** One of the obvious absences from this list is the people who inspect public bodies—Estyn, Health Inspectorate Wales et cetera.

[242] **Carl Sargeant:** I am sure that you will put that in your response.

[243] **William Powell:** Thank you, Minister. I call on Llyr Huws Gruffydd and Russell George.

[244] **Llyr Gruffydd:** I just want to pick up on some evidence that we have received around the strength of the duties and the language used. You will be probably aware of concerns around ‘seeking’ to do something as opposed to maybe being a bit stronger and offering more direction. The UK Environmental Law Association suggested that the current wording creates a

[245] ‘burden [which] may be too easy to discharge’.

[246] Should we not be concerned at that?

[247] **Carl Sargeant:** I think that the Bill has been well drafted by my team. As I said earlier, there is always interpretation of what we and others mean by lawyers. We do not accept the principle of that; we think that it is strong enough. However, if the committee wants to make recommendations to me to apply a different criteria or wording to that drafting, we will consider that.

[248] **Russell George:** Since the drafting of this Bill as it stands, has any concern been raised with you that you have given serious consideration to with regard to any unintended consequences of the Bill that have not been mentioned this morning?

[249] **Carl Sargeant:** We have watched all the scrutiny sessions. We have looked at the evidence provided that has been afforded to us. There is nothing in the Bill that we seek to fundamentally change. Are we considering some Government amendments? We will give some of the issues that you have raised this morning due consideration, but in terms of a shift in any policy direction or change to the Bill, no, that is not the case.

[250] **Russell George:** There is no issue that any third party has raised with you that is suggesting that there is an unintended consequence that could come forward as a result of the Bill?

[251] **Carl Sargeant:** Only the one that you raised with us—there are two things that are still to be resolved. They are not big issues; I think that we can resolve them. They are the auditor general issue and the one with carers and children, and I think that both are cases of needing to refine the legislation.

[252] **Russell George:** Okay, thank you.

[253] **Antoinette Sandbach:** I know that Llyr has raised this issue about the political cycle, but how, in practice, is a public body going to balance its short-term needs and its long-term needs?

[254] **Carl Sargeant:** That is a really difficult question for leaders in all organisations; it is something that we have to wrangle and they will have to, too.

11:15

[255] The starting point for most organisations is how much money is in the purse. That is generally the starting point for most organisations. From that, developments and decisions come. The issue will be that it will not just be about, 'Well, we like this project and we do not like that project' because it is political or for other reasons—it might just be too expensive or it will be the 'nice to have, want to have, need to have' scenario. When people are making those decisions in the short term, they have to apply the principles of sustainable development and the wellbeing process and the goal process, which have an eye on the future. I think that it goes back to the principle of what Llyr was saying. I do not know what will happen in five years' time or who will be making those decisions, but what I can assure you is that whoever makes those decisions will have to apply these principles. I suppose that really difficult decisions apply now because the financial constraints of having to make them are really tough. However, there is nothing at the moment, in legislation, that would suggest that you have to consider how your actions now will have an effect later. This will provide that framework to ensure that that process takes place. That is not easy. I do not move from the fact that those decisions are going to be easier, but they will have to demonstrate the way that they have made them.

[256] **Antoinette Sandbach:** Given that sustainable development is the central organising principle of the Welsh Government, where do you see that process happening now in the Welsh Government, for example, with the decisions around the M4, the Circuit of Wales or various other projects, which have potential impacts for future generations? You have talked about local authorities already approaching this agenda, but where are we seeing the Welsh Government preparing for this Bill and applying it in its decision making, because you would argue that you are responsible for this duty anyway and that you are trying to extend it out to other public bodies?

[257] **Carl Sargeant:** Indeed. I will carefully respond to that without prejudicing any of the planning terms that the Member raised there; I have no comment to make on the specific points that the Member raised. However, I accept the general principle of the question. I think that we have to be confident in being able to demonstrate the process of sustainable development. As I said earlier, some of those decisions will not be liked by individuals and will not be welcomed by others, but what we have to be able to do is demonstrate the reasoning behind them and why we believe that those decisions have been applied, namely the three core sustainable development principles. So, for a development, in general, we need to apply the principle of saying, 'This is the reasoning why we think that this has future generation benefits—environmentally or otherwise—or disadvantages.' We have to apply that. There is nothing currently in legislation that indicates that public bodies have to do this, which is why we are introducing this Bill. I am confident that the decisions that we make currently, as a Government, are sustainable-development-proofed. That is a principle that we apply. I must be careful how I say this, but what I suggest that organisations are not very good at doing, which this Bill will demonstrate, is demonstrating, 'This is how we have got to that position.'

[258] **Antoinette Sandbach:** So, Minister, when we come to your scrutiny session this afternoon on the budget, you will be able to give me reasons that exactly comply with this because you are already applying these principles when making to the top of the document

certain decisions—

[259] **Carl Sargeant:** I will have an hour to think about that. [*Laughter.*]

[260] **William Powell:** Minister, if there are no further questions at this point, are there any final thoughts that you would like to leave the committee with before we meet again to draw together the strands of our response?

[261] **Carl Sargeant:** Only to thank you for the opportunity to come and answer some of your questions this morning. I think that you, once again, have raised some issues that I am happy to consider. I look forward to the evidence that you have gathered in terms of shaping the way forward. There are opportunities to amend the Bill through Government amendments in order for us to make it better. I am really impressed with the evidence sessions you have been receiving, because they have given us opportunities for the process that I mentioned earlier, namely the communications exercise about people understanding what the Bill is and what the Bill is not, and how are we able to demonstrate that to the public at large. For me, it has been a really useful exercise. I hope that I have been able to answer most of your questions. As to what we have not been able to answer, we will write to you on that. If you require any more information, we would be happy to reply with that information. More importantly, this is just the first part in the process of a very important Bill that will put Wales on the map as a very different place to anywhere else across the globe. This will put the decision-making process of sustainable futures right at the heart of that process, not as an add-on or a bolt-on; this is a decision-making process at the heart. Thank you for the opportunity this morning.

[262] **William Powell:** Diolch, Weinidog, **William Powell:** Thank you, Minister, and a'r tîm, am y sesiwn ddiddorol. your team, for that interesting session.

11:21

**Cynnig o dan Reol Sefydlog 17.42 i Wahardd y Cyhoedd o'r Cyfarfod ar gyfer  
Eitemau 4, 5 a 8**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the  
Meeting for Items 4, 5 and 8**

[263] **William Powell:** I move that we move into private session for the next session to consider the evidence just received. Do I see a proposal for a motion?

[264] **Llyr Gruffydd:** I move that

*the committee resolves to exclude the public for items 4, 5 and 8 in accordance with Standing Order No. 17.42.*

[265] **William Powell:** I see that the committee is in agreement.

*Derbyniwyd y cynnig.  
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:21  
The public part of the meeting ended at 11:21*

*Ailymgynullodd y pwyllgor yn gyhoeddus am 12:50  
The committee reconvened in public at 12:50*

**Cyllideb Ddrafft Llywodraeth Cymru 2015-16: Sesiwn Graffu y Gweinidog  
Cyfoeth Naturiol a'r Dirprwy Weinidog Ffermio a Bwyd  
Welsh Government Draft Budget 2015-16: Scrutiny of the Minister for Natural  
Resources and the Deputy Minister for Farming and Food**

[266] **William Powell:** Croeso cynnes i bawb. A warm welcome to all. It is good to see you again, Minister, this time with a different team. You will be joined by your Deputy Minister in due course. Minister, would you introduce your team for us, please?

[267] **The Minister for Natural Resources (Carl Sargeant):** Good afternoon, Chair and committee, and thank you for the opportunity to be questioned in the budget scrutiny session. I will ask Rosemary to start and then the team will introduce themselves.

[268] **Ms Thomas:** Hello. I am Rosemary Thomas, chief planner, Welsh Government.

[269] **Mr Quinn:** I am Matthew Quinn, director of environment and sustainable development.

[270] **Mr Slade:** I am Andrew Slade, director of agriculture, food and marine.

[271] **William Powell:** Excellent. Let us kick off with a question that I know has been exercising a number of us in recent days, and that is with regard to the extent of the savings that will need to be identified within the portfolio because of the allocation that has been made. Minister, could you provide for us a figure for the savings identified as part of the detailed review that has been carried out within the portfolio, and also identify where you have identified that these savings will need to be achieved?

[272] **Carl Sargeant:** It is a very difficult settlement that we find ourselves in. I am new to portfolio—four weeks in—and I, and other Ministers, have had to make some difficult decisions in reducing the budget by around 9.97%, or £21.1 million on the portfolio as a whole. This is, of course, due to challenges that we face as a whole Government, with £1.5 billion less coming into the Welsh economy from the UK Government.

[273] **William Powell:** That is understood. Thank you. Minister, how will progress in the delivery of these savings be monitored and—I will add to that—if there are particular areas where those savings prove to be very difficult or impossible to achieve, what impact will this have on the delivery of the Welsh Government's commitments within your portfolio?

[274] **Carl Sargeant:** We have made assessments under the core principle of making judgments on reducing budgets. We had a session on sustainable budgeting and future generations this morning, and we have applied that principle to our budgets in terms of making difficult decisions. We have had to, while doing that, look at the 'nice to have' and the things that are imperative. That is why there has been some protection within the budget lines. One example would be flooding; another one would be Arbed, where we look at ensuring that the most vulnerable individuals affected by some of these interventions are protected in that process. However, it is not an easy process. We will continue to monitor progress on this. There is still an expectation of delivery on all programme for government expectations.

[275] **William Powell:** Would we be correct in assuming that the Government and the department will be looking to protect, first and foremost, front-line services over the back office?

[276] **Carl Sargeant:** My instruction always to the departments that I have run in the past



and in the present is to ensure that we maximise the benefit to the individual at the front line. That is why some of the messaging that is generated across portfolios around collaboration, sustainability of services and new ways of doing things is vital, in terms of ensuring that we get as much funding to the front as possible.

[277] **Russell George:** I appreciate that the Welsh Government has had a cut in its budget from the UK Government and that each Welsh Government department has received a cut. However, the cut in your department is significant—it is the greatest of cuts. I appreciate that that is not a decision of yours alone; it is a collective decision by Government. However, can you explain the rationale behind why your department has received the greatest cut of all departments?

[278] **Carl Sargeant:** We do impact assessments across the whole budgeting of Government. That is a process operated by the Minister for Finance and Government Business. We then have to look at the risk and prioritise where investments need to be. The slight complication of this budget, I am sure that Members will appreciate, is that it was split only four weeks ago, so part of it was in another department at that point in time. So, the figures are the figures, but they are slightly distorted, because they have moved departments, and we have just collated round 1 at the moment. As I said earlier, it is a challenging budget, but we have to live within our means and we believe that we have managed to prioritise the areas that are important on the basis of being measured by Government intervention.

[279] **Russell George:** So, you are suggesting that there is a process of elimination to identify where the priorities are and where there is greatest need for investment. So, that process has demonstrated that your department needs the least amount of investment.

[280] **Carl Sargeant:** No. It is the way that the budget is shaped. The priorities for this Government are health services and education and I support that fully. The consequence of that is the movement of money around departments, and the reduction in the budget as a whole has consequences. We just have to deal with the elements that have been reduced and how we manage that effectively within the budget that we have. That is why there will be some areas within these budget lines that will be protected and other areas that carry less risk where we need to. I would like to fully fund all of those budget lines, but the reality is that I cannot do that; therefore, we have to make choices.

[281] **Antoinette Sandbach:** I was interested to hear you say that this had been assessed against the sustainable development criteria, because the strategic impact assessment that was published did not make any mention at all of a strategic approach to assessing the impact of the draft budget proposals on sustainable development. So, where is it that I can find your reasoning, Minister, as outlined in the Well-being of Future Generations (Wales) Bill, because sustainable development is a legal requirement on Welsh Government already?

[282] **Carl Sargeant:** Absolutely, and I am glad that you asked me the question. The integrated impact assessments covering the nine protected area characteristics, children's rights, lower socioeconomic groups, tackling poverty, human rights, sustainable development and the Welsh language, were all undertaken for the proposed changes to the 2015-16 budget.

[283] **Antoinette Sandbach:** Okay. Given that sustainable development is about economic, social and environmental criteria, where would I find the environmental impact in the list that you have given me, Minister?

[284] **Carl Sargeant:** Under sustainable development. Why would I try to exclude that when I have just spent a session of an hour and a half telling you that it is in?

[285] **Antoinette Sandbach:** Well—

[286] **William Powell:** Are you lost for words?

[287] **Antoinette Sandbach:** No. As I said, there is no mention of that strategic approach of assessing the impact on sustainable development. However, we will agree to differ, Minister.

[288] In terms of natural resources, I would like to go to Natural Resources Wales. Its revenue funding will decrease by £7.1 million, so its core funding will decrease to £63.8 million, as I understand it. Minister, there was a change in the process of NRW in terms of moving from a deficit to a surplus position and I understand that some of that was achieved around sales of land and forestry. Could you tell us what Welsh Government—or NRW, because it is Welsh Government land that was sold—achieved in terms of sales?

[289] **Carl Sargeant:** Okay. First, may I clarify the position for NRW? I have just seen some press releases issued by members of this committee, in fact, around the perceived reduction for NRW and the real reduction for NRW. I outline that the Welsh Government business case to establish Natural Resources Wales identified the delivery of a total saving of £158 million over 10 years. That was the business case that was agreed by NRW. These benefits included cash-releasing elements and non-cash-releasing benefits. May I say that the actual reduction for the budget in NRW this year is on the baseline of £3 million; not £7 million, as indicated in an individual's press release?

[290] However, on the detail of the question that the Member asks around land, I do not know whether my team can respond to that, or whether you would need to receive a note from NRW, which I am more than happy to facilitate.

13:00

[291] **Antoinette Sandbach:** I would like to pursue that matter, because, of course, the Welsh Government looks after the Forestry Commission estate as trustees for the people of Wales. It is a natural resource asset. It was clear during this financial year, Minister, that Welsh Government authorised the sale of what is described as 'non-essential woodland estate'. I appreciate that you have only been in post for four weeks, but the civil service team that is around you is very familiar with the portfolio, so I would like to know why it is described as a non-essential public estate. How do you define non-essential public estate, bearing in mind that you are trustees of the Welsh Government estate for future generations and that it is a national resource, I would argue. In effect, how much non-essential woodland estate have you identified? What sales have there actually been, and when are we going to have some openness and transparency about that? As far as I am aware, there has never been a ministerial announcement that Forestry Commission land is going up for sale and has, in fact, been sold.

[292] **Carl Sargeant:** First of all, I refute the fact that we are not open and transparent. I do not accept that at all. When I am asked for details, I always provide them, and I will continue to do so. I think that Matthew might be able to help with some further detail, but what I have said to you, Chair, is that, if I do not have the details with me today in terms of the numbers, I will be happy to provide them to committee.

[293] **Antoinette Sandbach:** I am grateful.

[294] **Mr Quinn:** I do not have specifics on this. Any sale has to be cleared and the only approach that I can remember was one around a farm holding that was within the estate—not forestry land itself, but associated forestry land. We will write to confirm the details on that.

[295] **Antoinette Sandbach:** Obviously, because there have been indications around allotments and various other Welsh Government policy objectives in terms of making land available, for example, for allotments and other—. I would be quite interested in knowing why that land was sold without—. What considerations were there around that? It appears that that is being used to plug a financial gap in NRW and its budget around ICT support. I think that you gave additional ICT support funding to NRW in this year. What has been identified in terms of spending on ICT for next year?

[296] **Carl Sargeant:** These are questions that will have to be resolved by NRW, Chair. We provide the overarching budget. One moment, I am accused of having too much interference in NRW, and then not enough. I would ask NRW to respond and I will ask it to make sure that it copies you the letters accordingly.

[297] **William Powell:** [*Inaudible.*]

[298] **Mr Davidson:** We do not have anything scheduled at this stage, but I might suggest that the committee could consider writing to NRW on some of these issues.

[299] **William Powell:** Yes, I think that we can resolve it in writing.

[300] **Antoinette Sandbach:** Perhaps I will rephrase the question in a different way. Has NRW discussed with you, Minister, the activities that it may not be able to carry out as a result of the budget reduction of £3.2 million that it is definitely facing?

[301] **Carl Sargeant:** I am glad we agree that it is not £7 million, as some people have been referring to. The issue for me is—. [*Inaudible.*] I have met with NRW twice since I have been in post. It tells me that it will have to look at the way that it profiles business. It is not about stopping doing things, but about how it does that. Therefore, some of the mechanisms in place—. I am really impressed with some of the work that it has carried out to date in terms of 2,000 miles of flood defences across Wales, protecting over 100,000 homes, mitigating against flooding, all carried out by that organisation in its work over the last two years. Again, it is another challenging budget for it. Notwithstanding that, the business case that it has agreed to on the reduction is something that is of no surprise to it.

[302] **Antoinette Sandbach:** Could I just—

[303] **William Powell:** We need to keep this one moving. With regard to the pressure on the capital budget for NRW, and indeed within the wider portfolio, Minister, has any consideration been given to exploring the opportunities for innovative finance for some infrastructure projects, such as the flooding case that you pointed to earlier, from sources such as the European Investment Bank? It was raised in the Chamber yesterday that the European Commission has directed the EIB to dedicate some of that spend to that kind of area, and that might enable moneys to go further for projects such as the Llanelli RainScape project, which Joyce Watson and I have been very supportive of.

[304] **Carl Sargeant:** Absolutely. I have been in discussions, as have other Ministers, with the Minister for Finance and Government Business. We will make announcements on the appropriateness of innovative finance shortly.

[305] **William Powell:** I appreciate that.

[306] **Joyce Watson:** I am also particularly, but not unexpectedly, I hope, interested in flood and coastal risk priorities and value for money, Minister. So, I would ask whether you are convinced or satisfied that your shoreline management plans will be adopted in time to allow an effective distribution of resources for the coastal flood-risk management.

[307] **Carl Sargeant:** Of course it is a really important question that the Member raises. Again, it goes without saying that the work that was done by the agency last year was very impressive in protecting property and individuals from harm. I have approved the south Wales plan and the west Wales shoreline management plan. There has been criticism of the timeline between inception and approval. I have only just received them. I have looked at them very carefully and they are very detailed plans. I am very comfortable with the fact that they have been progressed to this stage. They have taken some time, but it is about getting this right. I would rather have a late plan that is right than a wrong plan that is early. I think that, effectively, we need to now manage the profile of spend with NRW and us, with Welsh Government investment, to look at how we prioritise with the added value that the shoreline management plans will bring. Notwithstanding that, I would not suggest in any way that we have been frivolous with the investments that we have made around flooding issues. We do understand this, but the shoreline management plans now give us much more detail in terms of the process that we are required to follow, including managed retreats et cetera for some communities that are possibly, in the long-term, lost to the sea.

[308] **Joyce Watson:** May I ask, Minister, whether you are able to outline the outputs and outcomes that the Welsh Government intends to achieve with the investment in flood-risk management? Also, can you tell us how progress towards those is going to be monitored?

[309] **Carl Sargeant:** Yes. One of the key outcomes is reducing the number of homes at risk of flooding. That comes about through working through the shoreline management plans and flood risk assessments. Over the lifetime of this Government, I think I am right in saying that we have invested more than £240 million in flood and coastal defences and an additional £50 million of European funding alongside that, taking us up to just under £300 million. So, we are measuring it on the fact that— De-risking property is one of the key criteria in terms of the outputs and outcomes of the investments we make.

[310] **Joyce Watson:** Thank you for that. However, of course, it is not only property that is at risk; it is railway lines, roads and all of those things as well. We saw that happening last year repeatedly, and I know that that gets more complex because there are many more agencies than the Welsh Government involved. Have you had early discussions and learned the lessons, I suppose, from incidences last year with regard to how you will be prepared, financially and otherwise, should those incidences arise this winter? Hopefully they will not.

[311] **Carl Sargeant:** Chair, we saw what happened last year in the terrible storms that hit the UK and other areas. Although we were affected by the floods, I think that there was an element of luck that we were not quite as badly hit as some places in England. However, I am also convinced that the structures that we had in place, by working with NRW and the emergency services, and the resilience of the service were agile enough to deal with these issues.

[312] In terms of lessons learned, we had the Wales flood group's planning coastal evacuation exercises that were held in March of this year, with regard to how we respond to evacuation on a large scale. NRW completed its assessment of environmental change as a result of the coastal storms again in August. We cannot underestimate the power of the natural resources and the sea, and I have little or no control over that, unfortunately. *[Laughter.]* I visited Aberystwyth and I was amazed at the power of the sea and the devastation it caused there.

[313] Therefore, we have got to do the shoreline management plans and other activities around those. It is really important that we plan for the future. The session we had this morning was critical in terms of saying, 'Look, we have to think about the decisions we make'. The Planning (Wales) Bill that we are bringing on-stream is around looking at risk and

de-risking property and development and some of the infrastructure issues that the Member raises, such as railway lines and industrial estates et cetera. We have to be really careful about where we are making investments now and how we can best mitigate storm damage and natural resource disaster in the future. However, I am not saying that we are risk-free, because the power of the Almighty has more control over it than I do.

[314] **Joyce Watson:** Finally on this from me: have you taken any action in response to the recommendations made by NRW in its phase 2 review of coastal flooding?

[315] **Carl Sargeant:** I will ask one of my team—Matthew—to give the detail.

[316] **Mr Quinn:** The final draft plan will be with the Minister in the winter, so we will be finalising it then.

[317] **Llyr Gruffydd:** I just wanted to ask about the green growth work that the Government is doing. You mentioned the £5 million transactional funding that you have received in order to proceed with that or to pursue that agenda. Can you maybe outline to us what sort of outputs and outcomes you will be looking for from that money?

[318] **Carl Sargeant:** I think green growth presents us with a massive opportunity. In terms of the £5 million investment, we are just looking now to see projects that are ready to move and ones that, working with local authorities—. We see them as key partners in terms of the delivery mechanism for green growth. Again, we see this as the first stage, the pilot element, of a massive potential investment from Welsh Government and with the European Investment Bank, European funds and public and private investors alongside that.

[319] We are looking at projects that will have the whole life-cycle. Arbed is a great example, actually, of a scheme that shows that we are tackling issues directly related to fuel poverty. We know that most of the properties that we transform are homes in impoverished areas. That also provides employment and a procurement line of investment for companies to invest locally as well. So, that is the type of scheme that we will be seeking to use in green growth. However, if we can get ahead of the curve in this, it will place Wales in a good place for investment in other areas. We see the green growth agenda as a massive opportunity. The £5 million is the start, potentially, of something very big.

[320] **Llyr Gruffydd:** Thank you for that. I was going to ask you about the remaining £495 million. I think that you suggested some potential sources, but it is quite a significant sum. Could you maybe reiterate a little bit about how confident you are that you will be able to raise that level?

[321] **Carl Sargeant:** The indications are that we will be able to do so, which is why we are investing early on £5 million of funding in a time of budget pressures. Making that investment is a priority for us, because we see that there are greater opportunities than just a £5 million transaction. Actually, this can grow, with the use of the funding, into something much more. As I said, it is this whole business ethic of stimulating the market and growing something big out of it. That is what the £5 million—. Pilot projects will be launched.

[322] If I remember correctly, Cardiff is quite advanced in the programme and we are looking now to ensure that other authorities, therefore, learn the lessons from Cardiff for how that will be delivered, moving forward, but it is a great opportunity.

13:15

[323] **Llyr Gruffydd:** The £5 million transactional money needs to be paid back eventually to the UK Treasury. Do you know when you will be expected to pay that back and would that

come from a future budget of yours?

[324] **Carl Sargeant:** We think that it is going to be in around 15 to 20 years' time. We have not had confirmation of this, but on the principle of all the other funds that we operate on that basis, indications are around that timescale. In terms of payback, we would expect that there would be funding coming back into the system in order to pay that funding back.

[325] **William Powell:** I call Jenny Rathbone on this point and then Julie Morgan.

[326] **Jenny Rathbone:** How much of this green growth is going to be in heat transfer, because, at the moment, it is very low? I think that less than 1% of our energy is generated by heat transfer.

[327] **Carl Sargeant:** We have not got a policy objective on this, Jenny, in terms of what we expect, but we think, as we said earlier, that there are huge opportunities for programme development. One of those opportunities may be heat transfer; there are a lot of aspects that can be brought to the table. What we are seeking, with the £5 million, is to stimulate interest in the market and among the sector to say exactly what we could do with this type of funding and how we could get a rounded economy from change, and economic opportunity as well. However, there is nothing project specific, as you mentioned.

[328] **Jenny Rathbone:** I am particularly interested in how we can improve the lives of people around the south Wales coalfields, through the warm water there and its ability to generate massive improvements in terms of heat transfer and elimination of energy bills.

[329] **Carl Sargeant:** Indeed, and I think that we should look at all opportunities. Innovation is out there and this is a good source of funding to tap into. In fact, I am really interested, because I know that that was a question that you posed to me in my first round of questions in the Senedd on this portfolio. I am looking forward to meeting with you to look at more detail around that, to see whether there is anything that we can do as a Government to enhance that opportunity as well.

[330] **Julie Morgan:** I just wanted to confirm that the animal welfare stuff will be—

[331] **Carl Sargeant:** For Rebecca.

[332] **Julie Morgan:** We will leave that until Rebecca comes.

[333] I wanted to ask about climate change. Obviously, we had quite a bit of discussion about that this morning, and you made a statement earlier in the week about the climate change refresh. Do you think that that will have any financial implications?

[334] **Carl Sargeant:** The refresh.

[335] **Julie Morgan:** Yes.

[336] **Carl Sargeant:** Yes, of course it will. What we have to do is—. I used the phrase in the Chamber that it was about 'something for something'. What I have asked my team to do is to look at the funding streams that we have attached to the department and how, therefore, we can enhance intervention, but there is a consequence to that as well. One of the examples that I used in the statement was around the capping of slurry pits. It is not very attractive, but there is a huge potential energy opportunity there. We are saying that maybe a condition of the rural development plan would be that funding would come from the Welsh Government into the sector, but you must have a capped slurry pit to get it. It would not be an option. That would have a direct impact on climate change, but also be a significant opportunity for the

investment to, therefore, produce energy too. I think that it is that something-for-something agenda again. That is one example of how climate change can be affected by the funding that we are pushing through the door.

[337] **Julie Morgan:** The revenue budget for delivering climate change policy will decrease by £0.2 million to £2.1 million. How are you going to cover that loss of money?

[338] **Carl Sargeant:** Again, we have to do things differently. We just have to start thinking about how we operate more effectively. I am not saying that this is an easy budget for me or for anybody else among our partners associated with this budget, directly or indirectly. However, we have to cut our coat according to our cloth. I think that what a reduction in budgets generally means is a slowing down of action in terms of how we would interpret that, but we are not short of ideas and we will not fall short when it comes to doing things differently. That is why I said that, four weeks in post, I have already started giving the direction to my team that I do not expect funding to go out of the door unless we are getting some value back for that money from our partners. There are examples of that already happening in terms of the nature fund. I know that we have already given funds, through the nature fund, to organisations, once again making a massive impact, potentially, on climate change, the environment and biodiversity. So, there are clever ways in which we can use our money, I think.

[339] **Julie Morgan:** Yes. Just picking up the issue on the nature fund, I wonder what the future is for that fund, whether it will carry on year by year.

[340] **Carl Sargeant:** Well, no, it will not. The nature fund was an opportunity; it was a catalyst for changing the way in which the system operates. It is not, and never was, intended to be a long-term project. What it was meant to be was an opening for the way in which the environment Bill will operate, the way in which the RDP will operate. So, it is a pilot project in order for systems to be tested to see how we could start to shape different biodiversity, and then roll that into our core business. I am slightly bemused about why we put public money into sectors where the broader impact is not always considered. Future generations is a great example. What is it we do, and how do we invest this funding to get something back that is positive for the economy, the environment, or the social and economic factors for communities? That is something that we are doing. That is where the nature fund fits in quite nicely. What we intend to do with the nature fund is to start to look into the RDP and how that is rolled out. I have already started having conversations with my Deputy Minister on that process.

[341] **William Powell:** Minister, just in that connection, I had understood that the Welsh Government was committed to the ongoing funding of the nature recovery plan more generally. Will that not be set back by the cessation of the one-off nature fund that you have just revealed?

[342] **Carl Sargeant:** No, they are separate. We intend to ensure that the nature recovery plan is supported through the RDP and the environment Bill, going forward.

[343] **Llyr Gruffydd:** I wanted to ask a few questions on waste—and this is something I quizzed you about in general scrutiny at the beginning of your tenure as Minister for this department. It says in the Government's draft budget narrative that you will explore the feasibility of using other innovative ways, including new funding, to meet the goals set in 'Towards Zero Waste'. Could you give us an indication what kind of innovation or innovative ways, other than, maybe, EU funding, you will be considering?

[344] **Carl Sargeant:** I do not think that the local authorities lack knowledge. I think that what we tried to do—. In fact, I did a committee on this only a couple of weeks back in terms

of the whole principle of how we started to change things. First of all, it is about leadership and communication—how we ensure that people start to do things differently and how that will be an important part of transition. Funding wise, we will still be funding local authorities very well in terms of making targeted changes. I would encourage all local authorities to start to adopt the blueprint around waste. We know from evidence that there can be cost savings in that process. Once again, I know that some local authorities are now starting to consider collection changes, et cetera. They have to be very clear with the communities that are affected by this about the reasoning behind that. It goes back to challenging that decision-making process: why are you doing this? Some of that may be financial, but they have to demonstrate the reasoning behind that.

[345] **Llyr Gruffydd:** You will know that the question of which is the most efficient means of collecting waste is contentious—at least in some people’s minds. You suggest that getting to those efficiency savings, or changing the ways in which they work, have a cost implication upfront in terms of, maybe, changing the fleet of vehicles that they use for waste collection. So, that is a hump that we need to get over. Can you offer local government any support in that respect?

[346] **Carl Sargeant:** We have seen potential savings, certainly. The waste and resources action programme did some work in a review, in which it identified around £28 million of potential savings across local authorities.

[347] In terms of transitional funding for the transfer of services, I do not have any additional money. Where there is slippage, I may be tempted to make investments, but the budgets will be under pressure in other areas too. A fleet of new vehicles or a flood defence in a community have to take priority.

[348] **Llyr Gruffydd:** So, in reality, the local authorities, in a sense, would have to find the money themselves.

[349] **Carl Sargeant:** Yes.

[350] **William Powell:** Antoinette Sandbach is next, and then Jeff Cuthbert on fuel poverty.

[351] **Antoinette Sandbach:** I wanted to go to marine and fisheries. We are aware that in north Wales, for example, there is a great deal of potential energy infrastructure off the north Wales coast. The marine planning process has begun, Minister. In our scrutiny of the previous Minister in the previous session, we expressed our disappointment that there was not appropriate support for the delivery of marine and fisheries policy. Given the cut that you are applying to the marine and fisheries policy, are you confident that you will have sufficient funds to deliver the marine and fisheries strategic action plan and the statutory EU marine obligations?

[352] **Carl Sargeant:** Yes, but it will be challenging.

[353] **Antoinette Sandbach:** The previous Minister said that a fisheries enforcement vessel was needed this year, as I understand it. Has that actually been bought?

[354] **Carl Sargeant:** It has not, and we do not intend to buy one. We are looking for procurement on a lease basis, which releases capital.

[355] **Antoinette Sandbach:** So, you will be leasing. So, that is built into this budget line, is it?

[356] **Carl Sargeant:** Yes, it is.



[357] **Antoinette Sandbach:** Obviously, there is no point having an enforcement vessel without the enforcement officials to accompany it. I presume that an appropriate structure will be put in place, because marine fisheries enforcement up to the 12 nautical mile limit will fall on Welsh Government, and I am sure that you are aware of issues around scallop dredging and problems that there have been off the Welsh coast.

[358] **Carl Sargeant:** I have a very effective team of enforcement operatives who do their job really well. In fact, I want to place on record my thanks to them; only this week, they followed through on an enforcement action where an individual was prosecuted for bad behaviour in Welsh waters. They did a very good job and I am very proud of them.

[359] **Antoinette Sandbach:** Where there is movement of funds from the marine and fisheries capital BEL in 2015-16, how is the impact of that going to be monitored?

[360] **Mr Slade:** I think that there are two elements here. One is, as the Minister has just referred to, the move from capital to revenue, so we are going to need more revenue money in the future and less capital, partly because of the co-financing arrangements for the fisheries fund; there will be less capital there. Also, as the Minister said, we think that we are not now going to be buying a vessel; we think we will be leasing that.

[361] More generally, all of our programmes are subject to pretty extensive monitoring arrangements, and the European maritime and fisheries fund in particular, which will be the new programme, will be subject to a European regime around monitoring and evaluation. There are, of course, fairly substantial control and verifiability arrangements in place anyway to allow investments to be made under the EMFF, or, indeed, the existing fund.

[362] **Antoinette Sandbach:** Given your co-financing obligations, which you have referred to, and the fact that there are cuts to that budget, does that mean that you will still be protecting the areas where you are co-financing in order to maximise the draw down that you can get from EU funding?

[363] **Carl Sargeant:** That is the case.

[364] **Antoinette Sandbach:** Good. How are you going to monitor value for money?

[365] **Carl Sargeant:** As we always do. There is a very robust procedure that the Welsh Government and others, actually, engage in in terms of monitoring our effectiveness. I would suggest that there is no indication that we have not maintained the value for money aspect across this department, unless the committee would like to enter into discussions of where it thinks we may have.

[366] **William Powell:** Thanks for that challenge, Minister. On this point, Jenny Rathbone is next and then Jeff Cuthbert.

[367] **Jenny Rathbone:** Just briefly on marine enforcement, there was this really high-profile case where the courts failed in their duty to adequately fine them. With one vessel—it is great that we have got it—but it is one vessel. I just wondered whether you have got anything in the budget for enabling citizens—that is, fishermen and women—to be involved in enforcement, where appropriate.

13.30

[368] **Carl Sargeant:** I think that there are a couple of actions that take place. For your information, Chair, we have two vessels. We are seeking to lease a new vessel on the basis

that one is old and not as quick as it needs to be, it is fair to say—it is like most of us. [*Laughter.*] However, this is a really important issue. The effectiveness of enforcement is a process. We have some great operatives who work the enforcement, but it is absolutely right to say that we need to ensure that the courts then follow up these issues. I have already made representation to the Counsel General in terms of what we can do to understand why the enforcement is not being considered at an appropriate level when people are caught illegally fishing or unlawfully fishing.

[369] On the volunteer aspect in terms of fishermen and women across Wales, Natural Resources Wales also has a duty around enforcement on rivers and coastal aspects of Wales. Again, it does a good job, but it is very challenging. What it is doing, and I have seen evidence of this, is building up relationships with local communities, which understand their rivers and water courses, in terms of how they manage them better in the community. Maybe that is something that we can explore further in terms of local people effectively managing it better as a local provision—that is something that I am very interested in.

[370] **William Powell:** Jeff Cuthbert is next.

[371] **Jeff Cuthbert:** First of all, my apologies for being a little late. I want to raise two points, or two separate areas. First, on fuel poverty, could you outline how many households you expect to be removed from fuel poverty as a result of the overall investment in fuel poverty measures? How do you intend to monitor the effectiveness of those decisions? Are there any particular resources that you will be investing over and above the norm for rural areas? On the impact of the changes of the UK Government in terms of the energy company obligations, what impact do you expect that to have in terms of your targets and spending?

[372] Separately, and I may as well ask it now, I know that we are not talking here about the Well-being of Future Generations (Wales) Bill, but, nevertheless, it is anticipated, once the duty comes into force in April 2016, that it could result in preventative spend. How is your departmental spending now being viewed in terms of the future requirements of the FG Bill? Are you using any particular methodologies in terms of how money is spent?

[373] **Carl Sargeant:** Thank you for your two broad questions. The latter we covered at the beginning of the session—

[374] **Jeff Cuthbert:** Oh, I beg your pardon.

[375] **Carl Sargeant:** I am glad you asked me again, because I had a really positive answer. [*Laughter.*] I will amend it slightly. The general principle of tackling the issues around poverty, sustainable development and future generations is really important. I was explaining earlier how we implement that through the budget line process. One of the examples that I gave earlier was on one of the things that you talked about, namely fuel poverty, and households in schemes. The Arbed programme is a classic example of sustainable development at work, helping vulnerable people stay warm in their homes, providing better insulation and better and more efficient heating, and promoting that social justice aspect. So, that is a really on-the-money investment in terms of sustainable development, but also in terms of protecting the environment, reducing emissions and providing an economic benefit through local jobs. It ticks all of the boxes in terms of positive intervention.

[376] On numbers, we expect Nest and Arbed to improve just over 9,000 households across Wales on low incomes or in the most deprived areas in 2013-14. Arbed has created over 470 new jobs, in that process, for around 40,000 hours of training, so this is, as I said, a very holistic scheme of intervention that we should celebrate in that process. May I also mention that, while there is a positive process in moving towards delivery of these schemes, we have just launched the Resource Efficient Wales service? Again, that is providing detailed

knowledge, or signposting detailed knowledge, around services for using energy more efficiently, generating renewable energy, using water more efficiently, and generating forms of energy that are accessible for domestic, business, community, third sector and public audiences. That is free, secure detailed information. That is really important. We have far too many people being cold-called by, allegedly, Government programmes. That is something that we need to stop, and this is something that we have put in place to manage and give people secure and safe access to detailed knowledge on what is such an important issue.

[377] May I pick up the point the Member raises regarding the UK Government's changes to the energy company obligations? Yes, of course, that will have an impact. The changes to the current system present real challenges for us, particularly the reduction of the carbon emission regulation obligation of 33%, and the extension of the target until 2017. Local authorities were given the opportunity to bid for over £7 million of capital and revenue funding to help leverage funding in Wales. Seventeen projects were approved, supporting 1,700 homes. We will continue to monitor how the impacts will affect us, but, of course, the changes have meant that it will have an impact on the scheme. We have not done any baseline assessment on that, other than that we know that it will have a negative effect on the programme.

[378] **Jeff Cuthbert:** Okay. You do not have any feel at this stage as to how much of a negative effect it will have.

[379] **Carl Sargeant:** I do not have any detail for you, no, but I can consider that, and, if we do some more assessment on that, then I will be more than happy to write to the committee with the detail.

[380] **William Powell:** Jenny Rathbone is next on this point, and then Llyr Gruffydd.

[381] **Jenny Rathbone:** Sticking with Arbed, first of all, I wonder whether you could just clarify why, in the fuel poverty programme budget, it includes £35 million awarded in the last budget, for 2014-15, and why that was not spent in-year.

[382] **Mr Quinn:** Sorry, I do not recognise the—.

[383] **Jenny Rathbone:** Oh, okay. It just says in the comments, '2015-16 budget includes £35 million awarded in final budget 2014-15', which looks like an underspend. I am happy to accept correction, if that is wrong.

[384] **Mr Quinn:** *[Inaudible.]*

[385] **Carl Sargeant:** All that we—. My team of number crunchers at the back of the room tell me that all the capital funding was—. I am more than happy, if it is okay with the chair—.

[386] **Jenny Rathbone:** Okay, fine. There is a more specific point, though, which is that, I absolutely agree that Arbed is a really important programme for tackling fuel poverty, but, residents in my constituency are confused as to why tenants who religiously pay their rent get it for free, and that is absolutely right, but leaseholders, who own their property, also get it for free. That seems to be inequitable, and, if we were to charge leaseholders something towards the enhanced value of their homes, that would give us more resources to do more homes, because, at the moment, I have got an estate where only 150 homes out of nearly 300 have been done, and, clearly, everybody on the adjacent estate is asking, 'Why not us?'

[387] **Carl Sargeant:** I think the Member raises a fair point. What I have asked my team to do is to give me a briefing on—. There are a lot of schemes: there is Arbed, there is Nest, but there are also the private companies operating schemes for investment as well. I do not think

that they are joined up well enough, and I think that we could get better value if we started to think about how these schemes integrate, and who is operating where and why. The Member raises a fair question and I will consider that in the review that is taking place.

[388] **William Powell:** Llyr Gruffudd is next and then Mick Antoniw on the agricultural wages sector and implementation.

[389] **Mick Antoniw:** I think that I will keep that for the Deputy Minister.

[390] **William Powell:** I had the impression that you might need to leave before then.

[391] **Mick Antoniw:** I have made other arrangements.

[392] **William Powell:** Okay, fine. Excellent. Llyr Gruffydd is next.

[393] **Llyr Gruffydd:** Forgive me, Chair, for coming back to Natural Resources Wales. You disputed the £7 million decrease in its budget. Could I have a bit more clarity around that? I understand that the budget outlines an additional reduction of £3.2 million, but, of course, that is on top of previously agreed reductions, which, from my reading, means that the revenue funding for Natural Resources Wales will decrease by £7.1 million in 2015-16, compared with 2014-15.

[394] **Carl Sargeant:** May I ask my financial official to come to the table, if that is possible?

[395] **Llyr Gruffydd:** Yes, that would be useful, thank you.

[396] **Carl Sargeant:** While he comes, Matthew will address the issue in—. The £3 million reduction is the baseline figure reduction, not £7 million, as people are indicating that it has been. However, Matthew will—.

[397] **Mr Quinn:** There are two other elements that give the £7 million headline figure. One is the one-off repayment of invest-to-save funding that was previously awarded, so that is a one-off payment. There are also—I think they are noted alongside the budget—some changes in the budget line alignment, which come to just around £1 million, I believe, which are technical adjustments to where things are being funded from.

[398] **William Powell:** Could you introduce yourself for the record please, before you make a contribution?

[399] **Mr Clark:** I am Tony Clark, head of finance for natural resources.

[400] **William Powell:** Thank you very much.

[401] **Mr Clark:** Just to confirm what Matthew said, the balance, really, is the budget adjustments and invest-to-save. So, the baseline budget cut is the £3.2 million.

[402] **William Powell:** Are you content with that?

[403] **Llyr Gruffydd:** Yes, but, just for clarity, the revenue budget will be £7.1 million lower than it was, will it?

[404] **Mr Clark:** Only for this year. It will go back up once the money has been repaid.

[405] **Llyr Gruffydd:** There we are. Thanks for that.

[406] **Antoinette Sandbach:** I also wanted to come back to Natural Resources Wales, because, of course, the Welsh Government is the owner of the Forestry Commission land even though NRW manages it. Now, with phytophthora, I know that you have given additional grant in aid to NRW to deal with phytophthora, but that grant in aid does not include the replanting costs. Now, clearly, because NRW is obliged to treat itself equally as manager and regulator—in other words, it cannot give Welsh Government preferential treatment, when it applies different standards to the public at large—where is the contingency in your budget to deal with the replanting costs that you will have? You have increased your felling in order to cover costs. You are releasing wood to the market at a greater rate anyway to try to maximise your revenue from wood streams, as I understand it—

[407] **Carl Sargeant:** That is not the case.

[408] **Antoinette Sandbach:** Okay. Well, I could have got that wrong, but where is that contingency to cover not only cutting the trees down, but also replacing them?

[409] **Carl Sargeant:** Indeed. I think this is an important question, Chair. I recognise the issue of tackling the issue of diseased trees, which we must do—we would have a critical issue if we did not do that. Part of the replanting process has to be considered with the RDP budget and also, potentially, with Glastir as well.

[410] **Antoinette Sandbach:** Right. So, are you suggesting that NRW will be applying under Glastir for funding to replant?

[411] **Carl Sargeant:** I think one of the conditions that we may have to consider is how that condition is applied on recipients of Glastir.

[412] **Antoinette Sandbach:** What I am seeking to get at, Minister, is—. Obviously, the Welsh Government is the dominant market player: 60% of the wood sales come from Welsh Government land, and 37% of forestry ownership is in Welsh Government hands. I am sure that you would not want to see the Welsh Government acting in a way that competitively disadvantages the other people in the market.

[413] **Carl Sargeant:** It would not be lawful for us to do that, I do not think.

[414] **Antoinette Sandbach:** Well, you may hear more about that, Minister. So, perhaps you can explain to me how it is that you think Glastir—. Are you going to be lifting the obligations on other owners, so that they have the same standards that you are applying, or that NRW is applying, on its own estate?

[415] **Carl Sargeant:** I think that what we have to understand is—. The pressure on tree-felling because of diseased wood has to be—. We have to consider how we are going to replace that process. I suggested that some of the elements of that would be recovered through the RDP and through, potentially, Glastir as well. We will also have to look at contingency within our budget in order to make further investments into forestry on the Welsh Government's own land.

13:45

[416] **Antoinette Sandbach:** Where will you find that contingency, given the tightness of your settlement?

[417] **Carl Sargeant:** Of course; I would suggest that is going to be very difficult this year, but we will have to monitor very carefully how the budgets are aligned as we go through the

year.

[418] **Antoinette Sandbach:** I will move on, then, to the other subject that I wanted to ask you about, namely Ynni'r Fro. I hope that you will forgive me for what I will call the electric heater analogy. A 1,000 kW electric heater will burn that amount per hour. Ynni'r Fro, which has so far cost the Welsh Government £2.426 million since 2010 has, effectively, in the period since 2010 to now, had sufficient generating capacity to power that heater for only 24 hours. So, it has cost £2,426,121 to build the capacity equivalent to powering an electric heater for 24 hours. Do you think that is good value for money, Minister?

[419] **Carl Sargeant:** I think that what we have to say is that the programme is in its very early days. The issue for investment in renewable energy or any type of new energy provision is that there is a long-term payback, Chair. We have to consider how the impacts of our investment are taken in the long term, not just take a snapshot of today.

[420] **William Powell:** Could you indicate to us how many are in the planning phase? I understand what my colleague has raised in terms of what has been delivered.

[421] **Carl Sargeant:** I am led to believe that it is around 20, but I will confirm that in writing. I do not have the detail and I would not want to mislead you.

[422] **Antoinette Sandbach:** Okay. I believe that five projects have been constructed, but this scheme, Minister, has been running for four years. It has been running since 2010, so there has been plenty of time to consent and build. What I am asking you is, in terms of your value-for-money criteria, whether you feel that the funds that you have spent have generated the outcomes that you were hoping for.

[423] **Carl Sargeant:** I think that, broadly, what we are seeking to do is to change the principle of community energy provision. That will take some time to bed in, to enable communities to be self-sufficient, or partly self-sufficient, in energy production. Clearly, this is very challenging, but it is something that I believe we are right to invest in, notwithstanding the fact that the challenges that the Member raises today are something that I am very aware of.

[424] **Antoinette Sandbach:** Obviously, with your other hat on, as the Minister for planning, there are other ways of encouraging community schemes, if you like, and some of that may involve the relaxation of planning consents and permitting. That might not, in fact, cost the Welsh Government anything in terms of finance costs, but might increase the ability to get that kind of generation built. If you forgive the analogy, powering an electric heater for 24 hours is not a great outcome for over £2 million. While I appreciate that there are some programmes in the pipeline, the anticipated energy output is still only 5MW, which is not very much. Have you looked at other ways of achieving this? Have you looked at your budget in those terms, asking, 'Where is it that we can get gains without it costing us money, so we can then release resources for other projects?'

[425] **Carl Sargeant:** My team has just confirmed that there are 46 projects in the pipeline, Chair, just for the record. However, I will qualify that in a letter to you.

[426] **William Powell:** Would it be possible to have an indication of their spread across Wales?

[427] **Carl Sargeant:** Yes, depending on the commercial sensitivity—I will give you the information that I can provide you with.

[428] The issue that the Member raises is an important one. I think I have been very clear to

say, following on from the previous Minister, that what we must have is innovation and opportunities. At all opportunities, we must exploit the provisions of renewable energy projects. However, while living within the landscape of a beautiful country, as we do in Wales, I have to be very careful to control, with my planning hat on, how those developments take place. So, it is a balance in terms of what our policy objectives are versus the planning challenges and the protection of the countryside and the environment that we face. I can concur with the Member that I share her vision to grow the market and new opportunities in terms of renewable energy, but we have to be very careful how we do that.

[429] **William Powell:** Minister, before calling Russell George, I would like to come back for a couple of moments to the topic of fuel poverty. In particular, Minister, would you be able to confirm the level of resource that is currently being invested in tackling fuel poverty in rural areas?

[430] **Carl Sargeant:** We expect to invest over £53 million in 2015-16 tackling fuel poverty through energy efficiency programmes. We do not separately identify funding for rural areas in that process. There is a split between urban and rural areas, but there are no conditions in terms of how that is distributed. However, over 45% of the homes improved under the Nest scheme were predominantly in rural areas.

[431] **William Powell:** That is very helpful. Also, we have had drawn to our attention concerns about the impact on the overall agenda of the UK Government's changes to the energy company obligations. To what extent do you anticipate that the Welsh Government's ability to attract ECO funding will be adversely affected by those recent changes?

[432] **Carl Sargeant:** I think I did respond to that question earlier from Jeff Cuthbert, Chair. I did say that that we have not done a number assessment on that, but we have done a principle assessment. It will have a negative effect. I will be looking to see whether I can provide the committee with further evidence in terms of the numerical value of what we believe to be the effect of that.

[433] **William Powell:** I am grateful for that. Thank you. Russell George is next.

[434] **Russell George:** I was under the impression that the Deputy Minister was going to be with us for two hours. I am concerned that, if we do not pause now and bring the Deputy Minister in, there will be less than 45 minutes to scrutinise her.

[435] **William Powell:** I presumed the Deputy Minister was monitoring our activities and would have joined us by now.

[436] **Carl Sargeant:** She is just outside waiting to come in, Chair, on your invitation.

[437] **William Powell:** Oh, excellent. In that case, let us make the arrangements.

[438] **Russell George:** Yes, that is the misunderstanding. Thank you, Chair. We can now bring her in.

[439] **William Powell:** Joyce, did you have a request?

[440] **Joyce Watson:** Can we take five minutes and then move on to the Deputy Minister?

[441] **William Powell:** Yes. I think the proposal that we have a brief recess is a very sensible one. We will reconvene just before 2 p.m.

*Gohiriwyd y cyfarfod rhwng 13:53 a 14:00.*

*The meeting adjourned between 13:53 and 14:00.*

[442] **William Powell:** Deputy Minister and Dr Glossop, welcome to this final session of budget scrutiny. We will get straight down to business with Russell George.

[443] **Russell George:** Good afternoon, Deputy Minister. Could you outline how the draft budget proposals on the eradication of bovine TB take into account the changes that have been made to the valuation system for compensation payments that you announced this week?

[444] **The Deputy Minister for Farming and Food (Rebecca Evans):** Yes, Chair, I would be more than happy to do so. As the committee will be aware, I made a statement to the Assembly earlier this week outlining the future direction for TB compensation in Wales. The measures that I announced during the course of that statement will allow us to further scrutinise the valuations that we make in Wales and prevent overcompensation. As I stated in my statement, there were concerns at a European Commission level that we were overcompensating farmers for their cattle in Wales.

[445] The measures that I have announced will ensure that valuations are consistent and we will be introducing some measures that will penalise risky practice where it exists. I know that the vast majority of farmers are doing their absolute level best all of the time to keep TB out of their herds, but where risky practice does exist, we need to support farmers to end it.

[446] In terms of what it means to the budget, it is very difficult to say, because it is a demand-led budget. However, the £15,000 cap that I announced during that statement, will allow us to avoid, if you like, those very expensive claims—£60,000, £70,000, £100,000 claims for one cow.

[447] **Russell George:** Thank you, Deputy Minister. You mentioned overcompensating, so presumably, your hope would be that savings will be made; will those savings be kept within your portfolio?

[448] **Rebecca Evans:** Yes. It is my intention, certainly in the first instance, to see how we could redeploy those savings to support our actions to continue to tackle bovine TB in Wales. That would be my intention in the first instance.

[449] **Russell George:** May I ask why it is predicted that the badger vaccination programme in the intensive action area would cost more in the next financial year—2015-16—than in the first two years of the scheme?

[450] **Rebecca Evans:** I think that the issue there is that our predictions are based on a whole-of-year accounting system, whereas the actual costs are based on the season for vaccination, which runs from May to November. So, the costs that are published in the IAA vaccination report represent the actual costs incurred during that vaccination period.

[451] Actual costs will be published in the annual report. The reason why we were looking at the lower cost—the actual cost, if you like—is because that is what was published in the initial report. So, it is important that we have year-on-year comparability for costs, so that we can keep an eye on the programme.

[452] **Russell George:** I would be grateful if we could have something in writing on this, but at the moment, the line is showing greater costs for the next financial year—2015-16—than the first two years.

[453] **Rebecca Evans:** Yes. The reason for that is—I tried to explain it, but it is complicated—.



[454] **Russell George:** It is because it is only part of the year—

[455] **Rebecca Evans:** Yes. It is only in part of the year that vaccination takes place, and that is from May to November. I would not expect the figures to be particularly different this year compared to the previous two years, once those forecasted costs are turned into actual costs.

[456] **Russell George:** How is the vaccination programme being measured for its success or not, as the case may be?

[457] **Rebecca Evans:** We have annual reports that are published on the Welsh Government's website. It is obviously a five-year programme, so it is difficult to pinpoint the exact impact that it is making. I explained to this committee at my previous appearance that it is not a controlled trial as part of a wider treatment zone, if you like. We have the annual testing of cattle, which is six-monthly in the intensive action area, biosecurity measures and a whole suite of things that we are trying to do to eradicate bovine TB in Wales. Badger vaccination in the IAA is just one part of that. As I say, it is a five-year programme. Our modelling suggests that we would not expect to see significant impact of that until the end of those five years. I am not sure whether the chief veterinary officer would like to add anything at this point.

[458] **Dr Glossop:** Of course, the intensive action area is but one small part of Wales, yet we are putting a lot of effort into that area to try to understand how, if we put everything that we can into an area, we can make the biggest impact on incidence, prevalence of TB, the scale of breakdowns and so on. In terms of demonstrating a direct benefit from badger vaccination within that area, as I think we have discussed here before, we have not set this area up to solely focus on the benefit of badger vaccination on TB in cattle.

[459] **Rebecca Evans:** May I just add one point there as well? When we look at the annual reports, which we have commissioned from the Animal and Plant Health Agency, previously the Animal Health and Veterinary Laboratories Agency, those reports will compare what we are doing in the IAA to the picture across the rest of Wales. That should give us a really good indication of the impact that that suite of measures is having in that particular area of Wales.

[460] **Russell George:** How is the success, or the progress, of the scheme as you see it? Can you bring examples forward that demonstrate how that is influencing your budget going forward?

[461] **Rebecca Evans:** Are you referring to the eradication programme?

[462] **Russell George:** The badger vaccination scheme.

[463] **Rebecca Evans:** I have already said that it is a five-year programme. So, we are committed to the spend over the five years for that. It is difficult to say what the impact is, because the modelling suggests that we are not going to see the impact or the benefit until towards the end of that period.

[464] **Russell George:** So, you cannot adapt your draft budget going forward as a result of outcomes that are taking place now. Is that what you are saying? There is no flexibility to adapt that as the scheme goes forward.

[465] **Rebecca Evans:** That scheme is one part of the wider TB eradication budget, which has a budget of £8 million. So, there is room within that budget to move money around if necessary.

[466] **Antoinette Sandbach:** May I come in on TB? While I appreciate that it is a five-year scheme, I think that it is easy, Deputy Minister, to say, ‘Well, we can’t tell what happens until the end of five years’. What I would like to know is—. Obviously, bovine TB infection rates have been falling across Wales, and not just in the intensive action area. So in terms of value for money—and you are doing vaccination in the intensive action area—what impact are you measuring as an output for the £1.3 million, or whatever the amount is, that you are spending on vaccination, bearing in mind that TB rates are falling across Wales and not just in the IAA?

[467] **Rebecca Evans:** It is not ‘easy’ for me to say that; it is factual for me to say that we will not be able to tell the benefits of that particular scheme. That is just factual. You are right in saying that TB has been falling right across Wales. I am sure that we would all want to welcome that. In terms of how we monitor and quantify that, it would be through looking at herd breakdowns, the number of them, the percentage of farms under restrictions and so on, and the numbers of cattle being slaughtered. As I say, the Animal and Plant Health Agency is undertaking an annual report to do exactly what you are talking about, which is to compare the impact of that suite of measures that we have in the IAA with to the picture across Wales. We also have some pilot projects going on elsewhere in Wales, dealing with particular disease profiles. If the committee would be interested, I am sure that the chief vet could say a little more.

[468] **William Powell:** [*Inaudible.*]

[469] **Dr Glossop:** That is one example. Cymorth TB, of course, is a project seeking to provide farmers with additional support whatever their TB status. So, initially, that is new TB breakdowns and helping them through that by training up their own private vets to work with the farmers to help them clear up TB breakdowns more quickly. The broader vision for Cymorth, of course, is to provide every single farmer in Wales, regardless of their TB status, with the kind of support that they need to either prevent disease coming into the farm or clearing up the breakdowns. That is just one example.

[470] **Antoinette Sandbach:** If I could come back to the Deputy Minister on—. What you are saying to us in your evidence is that you are spending more than £1 million a year vaccinating, but you do not know whether that is effective or not and, therefore, you cannot make changes before the end of that five-year commitment, even if, after two years, there are not changes in the breakdowns in the IAA or there are changes that are not different to those areas outside the IAA. So, what you are saying is that you are prepared to invest over £5 million—in fact you have identified £8 million in your budget—without knowing what the outcome is and that you are prepared to do that year on year, and will only look at it again in the five-year programme. Now, that is a lot of money to spend on one measure, namely the vaccination programme, without having the indicators in place to say whether or not that is actually working.

[471] **Rebecca Evans:** All I can do is reiterate the fact that it is a five-year programme. It is a five-year programme for a reason. The modelling that was behind the development of that five-year programme was developed because it will take five years for us to see the kind of benefits we need to see. It is not a one-year programme; it is not a one-season-from-May-to-November programme. It is a five-year programme, and I do not think that I can add much more to that.

[472] **William Powell:** Thank you for that, Deputy Minister. Joyce Watson has been waiting very patiently on the same point, but the Minister for Natural Resources has indicated that he would like to make a contribution.

[473] **Carl Sargeant:** Thank you. I think that the Deputy Minister has been very clear about this Government's objectives in terms of tackling TB. This is the way that we wish to pursue this programme in ensuring that—. I am surprised if the Member is saying—although she did not say this—. Is she suggesting that we should stop this programme now and stop the investment in making a change to our countryside in Wales? Actually, this is a Government priority to tackle TB. You need to make your mind up about what you are saying, because, actually, you cannot contradict the fact that we are making a major investment in our communities to tackle this issue head-on.

[474] **William Powell:** Thank you. Joyce Watson.

[475] **Joyce Watson:** The questions that I was going to ask have been asked, so I will not waste the committee's time.

[476] **William Powell:** You are forgoing your questions—

[477] **Joyce Watson:** On this, yes.

[478] **William Powell:** I am conscious that Julie Morgan is to leave us in a little while and that she has a number of questions that she wishes to bring to the table. So, Julie Morgan is next.

[479] **Julie Morgan:** Thank you very much. I want to deal with two areas. One is the Agricultural Sector (Wales) Act 2014, and the other is animal welfare. Perhaps I will deal with animal welfare first, because that follows on from the issue of bovine TB. Obviously, there is a lot of new animal welfare legislation and lots of consequences from that. I wonder whether you could indicate what resources you have to follow up the legislation that has been passed. I am thinking particularly of the Control of Horses (Wales) Act 2014 and whether that has resulted in a lot of expenditure and how the predictions for next year will be able to fulfil the needs.

[480] **Rebecca Evans:** Much of the spend in relation to enforcement of the legislation falls to local authorities, so it is for local authorities to find within their budgets the funding to undertake their enforcement responsibilities. Through the local authority framework, we provide extra funding to local authorities. That came about in the wake of the foot-and-mouth disease outbreak. There is a list of agreed priorities for that, which include TB and animal movement. They do extra work around movement, recording, attending livestock markets, biosecurity and so on. That is in the budget at £600,000 this year. That is money that we have directly from the Department for Environment, Food and Rural Affairs. It has been falling year on year, but it is money that we have from DEFRA that we pass on to local authorities.

[481] **Julie Morgan:** How is that divided among the local authorities?

[482] **Dr Glossop:** I can explain. We meet local authorities on a quarterly basis. That is a panel that is chaired by Nigel Watts, who you will probably be familiar with. We agree priorities for the year, as we have already said. Then, the local authorities are encouraged to work in co-operation and collaboration with each other to make the best and most efficient use of the funding. It is based then on risk. So, for example, if a local authority area has a large number of livestock markets or other areas that we regard as critical control points for animal health and welfare, then the funding for that local authority will be adjusted accordingly. So, it is really based on risk and on delivering on our agreed priorities.

14:15

[483] **Julie Morgan:** Are you able to offer a view about whether the local authorities have

adequate funding to cover all of these areas?

[484] **Rebecca Evans:** I would hope that they have, but that forum provides local authorities with a link to Government to say whether they feel under-resourced to undertake their enforcement activities.

[485] Of course, local authorities can have a revenue stream, if you like, because they are able to issue licences that they can charge for. They can make a reasonable charge, depending on their assessment of their costs for undertaking those enforcement activities. The discussions around the breeding of dogs legislation would be one example of how it could be cost-neutral for Government and local authorities if the issuing of licences came with a charge.

[486] **Julie Morgan:** What about microchipping?

[487] **Rebecca Evans:** We are still looking at the microchipping legislation in the context of the Constitutional and Legislative Affairs Committee report, which came out with some concerns about the way forward. We are working with the agencies that deliver microchipping to seek the best way forward. We are doing that in the context of the work that DEFRA is doing on the same project as well. I have committed to making Assembly Members aware of the work that we are doing, keeping them up-to-date all the time. I would hope to be able to make another statement towards the end of the autumn.

[488] **Julie Morgan:** Would that statement include the likely costs of—

[489] **Rebecca Evans:** Yes, we could certainly do that.

[490] **Julie Morgan:** I know that, at one stage, there were offers of free microchipping, I think, from some of the animal charities.

[491] **Rebecca Evans:** We are very grateful for all the work that the Dogs Trust and others have been doing already to set the scene for this.

[492] **Julie Morgan:** I mentioned the Control of Horses (Wales) Act 2014, on which I did quite a lot of work with the previous Minister and with Dr Glossop, so I was wondering whether you were able to give any information about the financial implications of that?

[493] **Rebecca Evans:** I think that I would write to the committee on this particular point, if that is acceptable to the Chair.

[494] **William Powell:** [*Inaudible.*] Deputy Minister, could I ask one brief question on the issue associated with local authorities and their potential contribution in the area of animal health? Would there be, in your view, any merit in incentivising local authorities to collect roadkill badgers to inform the strategy about vaccination, taking on board the value that that could bring to the programme? I know that has been piloted in some areas in the past and it has been suggested to me by a number of local authorities that that might be a useful and not too costly thing to bring forward.

[495] **Rebecca Evans:** We do have the badger-found-dead survey, which has been successful in the past in providing us with the disease picture across Wales. I am currently looking at the next steps for that and would expect to be able to make a statement very shortly.

[496] **Joyce Watson:** This follows on from what Julie was saying about the Animal Welfare (Breeding of Dogs) (Wales) Regulations 2014 and, of course, funding to local

authorities. I live in an area where the breeding of dogs is and has been a major problem, in terms of inspection particularly, and I have received many complaints accordingly. My question is: are you satisfied that the funding produces enough resources for inspection, particularly when we are talking about the breeding of dogs and the Act that is coming?

[497] **Rebecca Evans:** I recognise that local authorities are under extreme pressure at the moment in terms of their budgets and we would all recognise that that comes as a result of the ever-decreasing funding that we are receiving from the UK Government—it is £1.5 billion less than it was in 2010. I would hope to have those discussions with—. I have meetings set up with stakeholders regarding the breeding of dogs at the start of November and I certainly hope to have those discussions with local authorities. So, that would be an opportunity for enforcement officers on the ground to share with me any concerns that they have about the capacity that they have to undertake what we are asking them to do.

[498] **Joyce Watson:** Thank you. I might suggest that that is a very good time, because we all know that nice little fluffy puppies are mostly produced in readiness for Christmas, but, sadly, it is the case that some of those will not even survive to see January, because they will have been bred in the most appalling conditions, and the inspections will not have taken place. So, I welcome that.

[499] **William Powell:** Julie Morgan—[*Inaudible.*]—on the agricultural wages board, I believe, and then Llyr Gruffydd has been extremely patient, as well. It is over to you.

[500] **Julie Morgan:** My questions are on the Agricultural Sector (Wales) Act 2014. Mick Antoniwi, who has led on this issue, has had to leave, but I wondered if you could say what provision has been made for the cost of implementing the Agricultural Sector (Wales) Act.

[501] **Rebecca Evans:** Yes. We have set aside £180,000 to take forward that particular piece of work. The Minister outlined some of the driving forces behind the work that we do in our department and across Government when he spoke earlier this afternoon, and he identified tackling poverty as a particular driving force for us in Government. I would hope that this particular piece of work would help us to tackle poverty in ensuring that people who work in agriculture have fair and decent pay for the work that they do. The Act allows Government Ministers to make an Order in advance of the panel coming into place. I mentioned, the last time that I came to committee, that I would be looking at that. I have considered the matter, and I will be having discussions with colleagues across Government shortly, and, again, I would hope to be able to come to committee with further information in the very near future as to my proposed way forward for that.

[502] **Julie Morgan:** As you say, under section 4 of the Act, there is provision for an interim Order. In view of the fact that it has been two years since the legislation was passed, when you answered, were you referring to the fact that the value of agricultural wages has now dropped and whether it was possible to bring them up to the 2012 value?

[503] **Rebecca Evans:** I am very conscious that agriculture workers have not had a pay rise for quite some time and that there are certain pressures there, including the fact that, very shortly, one of the levels will drop below the minimum wage. So, this is all very much on my radar, as I look to take this piece of work forward, and I would hope to do so swiftly.

[504] **Llyr Gruffydd:** I just wanted to ask what provision there might be in your draft budget for the implementation of any recommendations stemming from the Hybu Cig Cymru review into the beef industry.

[505] **Rebecca Evans:** I will be holding the long-awaited beef summit on 26 November, and that will provide us with an opportunity to look in detail at the Hybu Cig Cymru report

and also to consider what action we might want to take under the RDP to support the beef industry and to support beef across the supply chain in Wales. I would imagine that the RDP would be the particular place for those actions.

[506] **Llyr Gruffydd:** So, you do not particularly expect to be spending any money from your own budget. It would have to come from those other sources.

[507] **Rebecca Evans:** I do think of the RDP as my own budget. I am protecting what I can. However, I would imagine that that would be the first place to—

[508] **Llyr Gruffydd:** It is all our budgets, but that is another story. We have rehearsed previously, of course, the red meat levy and issues around that, and we will not go there now. However, I am just wondering what additional resource you might be able to provide Hybu Cig Cymru within your proposed budget, if there was a shortfall in that levy in the next year.

[509] **Rebecca Evans:** I am hoping to make some progress on the levy. I know that the previous Minister had multiple meetings with DEFRA over the years on it, but, fairly recently, an industry-led red meat forum was established and that included Hybu Cig Cymru, as well as the Agriculture and Horticulture Development Board and Quality Meat Scotland, and that is looking specifically at the levy, whether it delivers, whether it needs reform and so on. So, that offers us, potentially, with a good outcome for Wales—I certainly would hope that it would be. I have not seen the report yet, but I am keen to see it. I did have an opportunity to speak to the levy boards at their board dinner approximately a month ago and, again, I made the point when I spoke there that it was important that all of the levy boards delivered for Wales and gave a fair deal to our Welsh farmers and producers.

[510] **Llyr Gruffydd:** I was going to ask the equivalent question in relation to milk, of course, and any potential spend coming out of the review that you announced—was it last week? However, I presume that you will be looking to the RDP as well for those solutions.

[511] **Rebecca Evans:** Once again, I do not want to pre-empt what might come out of that review. I have said many times to you that this is going to be a short review, but I would be looking to the RDP to see how we can support the dairy industry in Wales.

[512] **William Powell:** I have several indications, and Jenny Rathbone is the next in line. I believe that Jenny wants to speak on the RDP. I have a brief initial question from the chair. It is clear that local authorities play a key role in the delivery on the ground of the RDP; what is the Welsh Government doing to ensure best practice in terms of minimising the cost of administering the schemes over the benefits that accrue from the schemes themselves?

[513] **Rebecca Evans:** I would agree that that would absolutely be the intention—that people in our communities feel the benefit of the schemes, rather than for there to be large costs for administration, and so on. All of our schemes are very closely monitored. I might invite Andrew Slade to give us some examples of how we would do that and how we would be seeking to work closely with local authorities to give value for money.

[514] **Mr Slade:** Generally, we put a pretty significant emphasis on understanding the costs associated with administering our projects. If we think about the LEADER element of the programme in particular, in the local action groups—where many local authorities act, effectively, as the accountable bodies for those partnerships—we have very clear monitoring across the programme and best practice is shared through the RDP network, among other things.

[515] In the new programme, we will be moving to a system where the costs of administration will actually come down, overall, because that is part of the new regulatory

set-up, but there will be a slightly increased component for facilitation and what, in European language, is called the ‘animation’ of projects. So, the total amount for that cluster or clutch of activities is going to be about 25%, but of that, the management and administration costs will come down. That, once again, is part of a Europe-wide recognition that we need to get better value out of the LEADER programmes.

[516] More generally, we are looking at a simplified costs structure for all of the European structural and investment funds programmes. So, not just the RDP, but the structural funds as well and, indeed, the EMFF, European maritime and fisheries fund, where we can reduce, in effect, the bureaucracy on bodies that are helping to deliver these grants but also help to drive down the costs of administering the project.

[517] **William Powell:** That has to be good news.

[518] **Jenny Rathbone:** Sticking with LEADER, first of all, how do you think we are managing to roll out the evaluations from LEADER projects so that new LEADER groups are not starting from a standing start? That is, so that they have the examples of good practice or success stories that they can pick up, or not.

[519] **Rebecca Evans:** It is important that we build on best practice as we plan. Just because the previous RDP is coming to an end, it does not mean that we have to throw everything out and start completely afresh with the next RDP. I expect the RDP network to play a particularly strong role in terms of sharing best practice, helping us to evaluate what really works, which LEADER groups are doing particularly well, and what other LEADER groups can learn from them.

[520] **Jenny Rathbone:** Okay, thank you. Looking a bit more strategically at the budget allocation, you have taken quite a chunk out of the Farming Connect and the farming advice service and put it into a line that you have called ‘supply chain efficiency’. I wonder whether you could articulate a little bit the strategy behind those movements of money.

[521] **Rebecca Evans:** Our RDP is currently with the European Commission. We are going through the negotiation process at the moment. We will be looking to receive the review of Farming Connect towards the end of this month. Gareth Williams, as part of his terms of reference for that, has been looking at the balance between knowledge transfer and innovation and the other parts of the RDP as well to see whether he thinks that we have struck the correct balance. It will be at the end of the month that I receive that report. The purpose of the report is to inform our next steps with the next round of the RDP. So, as soon as we receive that report, I will be considering it and will see what changes we might need to make to the overall structure of the programme, but also the schemes that sit beneath it.

14:30

[522] **Jenny Rathbone:** I have had a quick look at the evaluations that are on the Farming Connect website and, in terms of how we will make our businesses more resilient, some of the less good achievements have been around limited access to new markets, developing new products and the whole business of knowledge transfer. The case of the cheese factory that closed in Wrexham just because it lost an Asda contract seems to be a case in point. Just because you lose one contract—. Businesses have to be resilient and have other—. You know, they cannot just be dependent on one customer, otherwise they will always be victims of blackmail. How do you think your new strategy in terms of putting a good deal more money into supply chain efficiency will improve the outcomes for Wales?

[523] **Rebecca Evans:** Supply chain efficiency really is crucial if we are going to deliver a resilient and sustainable farming industry in future. We will be looking at the whole supply

chain. Rather than taking individual parts of the farming industry, we are taking the whole supply chain, which is why I was so glad that food came into my portfolio in the recent reshuffle, so that we can start looking literally at from farm to fork and everywhere in between.

[524] For the next round of projects, I think that it is important that we listen to people involved in the day to day business of farming so that they can tell us what they need, what their experience has been, what they think the challenges are, and what they want the rural development plan to deliver for them. To that end, officials have been having meetings and working groups with farmers and others to tell us what they need from that programme. That is very much informing the development of the schemes that we will be delivering. I have said before that it is my intention that some of the schemes will be up and running by January of next year.

[525] **Jenny Rathbone:** Okay, very good. Lastly, could you explain why you have practically eliminated the budget for organic farming?

[526] **Rebecca Evans:** Organic farming will be delivered under pillar 2 of the RDP with our Glastir organic programme.

[527] **Jenny Rathbone:** The budget line that we have here is that it has reduced from £2.2 million this year to £5,000, I think, if I am reading the figures correctly.

[528] **Mr Slade:** I think that it is worth saying, Chair, if I may, that a range of different streams of funding come into the RDP. What we are looking at here is the domestic component rather than the EU element, or, indeed, for that matter, the transfer of direct payments for farmers from pillar 1 into the RDP. So, what you have here is our best estimate of where claims on money will fall next year and what money we can put into the domestic line to match that.

[529] **Jenny Rathbone:** That makes it quite difficult to scrutinise exactly what is going on here.

[530] **Mr Slade:** There is an important role for the programme monitoring committee here in all of this.

[531] **William Powell:** That is a job in its own right. I am conscious that we are running fairly tight on time, so, if that concludes your questioning, Joyce has a focused question on this issue, and then Russell George has indicated.

[532] **Joyce Watson:** It is not on this set issue. I want to come back to the legislative programme and ask the Ministers, while they are here, because there is legislation and several pieces of subordinate legislation, whether you have enough staff resource to deliver that programme and if the level required will affect the department's ability to deliver on the non-legislative policy commitments?

[533] **Carl Sargeant:** If I may, Chair, we manage the staffing across the unit very carefully in terms of the skill base required to draft legislation. When the legislation has passed, a lot of the work starts in determining secondary legislation and implementation. I am confident, and my director assures me, that we have the competency and the capacity within the department, financially and personnel-wise, to deliver on the legislation profile that we have in place.

[534] **Joyce Watson:** What about the non-legislative commitments? Will it have an impact on those? That was the question.



[535] **Carl Sargeant:** Will it have an impact? Depending on where we take staff from to support the legislation, there are impacts, but nothing that we cannot manage. What I have found across Government is that we have an incredibly loyal and committed workforce. When we ask for the work to be done, it is done. These are challenging times, but we have to get by with what we have got. However, the legislation will be delivered, and the day-to-day running of business will also be delivered, and we are confident that we can manage that within the budgets.

[536] **Rebecca Evans:** I would add to that, Chair, that an assessment of resources available for delivery of legislation is provided every month to the legislative programme board. We will also be undertaking a mapping exercise before the end of the year to identify officials with the skills and expertise to ensure that there is a sufficient pool of resources to draw from for primary and secondary or subordinate legislation.

[537] **Carl Sargeant:** I have one final point, if I may, Chair, which is that we do not work in isolation within the department. In fact, one of my senior officials on the future generations Bill comes from Lesley Griffiths's department, on the equality side. So, we work across departments in order to ensure that the legislation path is complete.

[538] **William Powell:** Thank you very much for that explanation. I believe, Antoinette, that you had a point on young entrants, which may be related to the RDP, before we move on to Russell George.

[539] **Antoinette Sandbach:** I did. Deputy Minister, I know that you are making an announcement next week in relation to the young entrants scheme. Is that right?

[540] **Rebecca Evans:** It is today, Chair. It will be in your inboxes when you return to your offices.

[541] **Antoinette Sandbach:** It would have been useful to have had it before we started this session.

[542] **Rebecca Evans:** I did refer to it in my debate contribution yesterday.

[543] **Antoinette Sandbach:** I am aware of that, but, in terms of the funding for young entrants, it is clear that there will be £0.3 million—so, basically £300,000—in capital funding available for 2015-16. So, that is identified, but there is no revenue funding identified for the new farm entrants scheme budget expenditure line. So, what funding will be available to fund new farm entrants, and, in particular, any new plans, which you obviously have, but which I have not seen, to support young farm entrants into the sector?

[544] **Rebecca Evans:** We are currently developing where we go next with our young entrants scheme, which will be delivered next time under the RDP. We have £330,000 for this year. This year is an additional extra year, because it was originally a five-year scheme and it was extended because it has been extremely successful, with over 600 young people now in farming who were not previously, with £8 million of investment in those young farmers. It has been clearly successful and absolutely something that we would want to continue with, but that will be under the RDP, which is where you will find it.

[545] **Antoinette Sandbach:** It may be that your statement—but I have not seen it yet—deals with things such as supporting share farming and contract farming. Those two methods were not permitted under the agricultural wages board, in terms of allowing people to work on farm, and there was conflict, because there had to be an hourly rate rather than a share-farming or contract-farming agreement. Will you confirm that, when you take the agricultural wages board proposals forward, you will make sure that the provisions that you enact will not

conflict with those opportunities?

[546] **Rebecca Evans:** That will be something for the panel to advise Ministers on. I would not want to presume what the panel will tell us, because it would compromise the independence of that panel.

[547] **Antoinette Sandbach:** Obviously, but you have indicated today that you are considering bringing forward an Order relating to agricultural wages, in which case, that will be a matter for you.

[548] **Rebecca Evans:** Welsh Government powers extend only to the making of the Order itself.

[549] **Antoinette Sandbach:** Well, what I am asking is that you bear in mind in the implementation of that Order that it should not conflict or prevent there being processes in place that would allow share-farming agreements or contract-farming agreements, for example, profit shares or whatever it may be.

[550] **Rebecca Evans:** I will take all of this into consideration as we move forward.

[551] **Russell George:** With regard to CAP administration, your paper did not outline how much EU funding the Welsh Government will receive for administration, only the domestic match funding, if I have understood that right. So, can you clarify the total amount of resources available to the Welsh Government for 2015-16 to implement the CAP?

[552] **Rebecca Evans:** We have a total of £790,000 revenue for implementation of CAP reform. I am currently working to identify capital funding to meet the costs associated with IT changes and those developments that are required to deliver CAP reform implementation. The assessment is that it would be in the order of £5.9 million for next year.

[553] **Russell George:** Is that the share for the EU contribution?

[554] **Mr Slade:** If I may, the cost associated with delivering pillar 1 is borne by the domestic budget. So, it is a matter for the Welsh Government to find the money to administer the programme. It is possible to use elements of what is called 'technical assistance' under the RDP to assist with the delivery of the rural development programme.

[555] **Russell George:** Okay. My understanding was that that funding was all through the EU, but that is fine; I understand. Has an assessment been completed of the resources needed to develop an effective system for implementing the common agricultural policy? If so, what is that figure?

[556] **Rebecca Evans:** Yes, we examined several business cases to see which would be the most cost-effective route forward for the Welsh Government. The total cost of the recommended option was in the order of £17.6 million, which is £15.4 million capital and £2.2 million revenue over three years. That compares extremely well with the cost of CAP implementation in other UK countries. In England, it is in the order of £150 million, in Scotland, £140 million, and, in Northern Ireland, £54 million. I think the reason that we have been able to secure such value for money here is that we have a tried and tested platform that we are basing our systems on, rather than inventing a new system to do this.

[557] Rural Payments Wales online has recently been awarded the Welsh Government's public value award, recognising the work it does and the savings that it offers Welsh Government and the Welsh taxpayer by being such a resource-efficient operation. It is the first time that Welsh landowners, farmers, and so on, have been able to use the system fully

online to submit their single application forms, and we had 30% at least doing so last time. It is the second time that RPW has won a Welsh Government public value award. In 2010, it was given the award for being one of the most effective payment agencies in Europe, while at the same time reducing the costs of administration. So, I think that Welsh Government has a really good news story to tell in terms of the way in which we are implementing the common agricultural policy.

[558] **Russell George:** Are you confident that you have sufficient funds to fully implement the requirements of the new CAP?

[559] **Rebecca Evans:** Well, I have to be, Chair. The Minister spoke earlier today about the things that are nice to do and the things that you have to do. Of course, CAP reform is subject to statutory requirements. So, if we are not compliant with our European obligations, then, of course, we are subject to disallowance and we would incur financial penalties, which could be up to 100% of the funding. So, it is not an option; we have to deliver this, and we will deliver it.

[560] **Carl Sargeant:** I am more pleased about that than you are. [*Laughter.*]

[561] **William Powell:** Antoinette, you have a short, focused question.

[562] **Antoinette Sandbach:** Yes. When you are bringing into account your new system—. I have used it myself, and you will be aware that it is not compliant with Apple computers. The current system does not comply with Apple. If you are going to move to an online system, you will need to make sure that it applies across systems.

[563] **Rebecca Evans:** There is more good news.

[564] **William Powell:** How much more can we take? [*Laughter.*]

[565] **Rebecca Evans:** I know. It will be compliant this time around with Apple. We have developed an app, which will make Apple users fully able to use the system, which we are very pleased with.

[566] **Antoinette Sandbach:** I shall feed back.

[567] **Rebecca Evans:** Please do.

[568] **William Powell:** Minister, one discrete area where the budget has been very well received is the decision to protect the promoting Welsh food budget, which is particularly appropriate given the launch of the food and drink strategy. However, staying with the theme of securing value for money, would you be open to exploring the possibility of co-ordinating Government spend in terms of supporting food promotional events to ensure that you do not have avoidable clashes in adjacent parts of Wales, where possible, to ensure that that spend secures the best value for what the Welsh Government is putting in to that very important area?

14:45

[569] **Rebecca Evans:** I would hope that those clashes did not take place, but I imagine that you are referring to a specific case.

[570] **William Powell:** It is an issue that has been raised with me on a number of occasions in terms of Welsh Government supporting two or three events on a major scale in a relatively close area. People have suggested that it could be better co-ordinated—not micromanaged,

but better co-ordinated.

[571] **Rebecca Evans:** Could you write to me with the specific details of what has been raised with you and I would be happy to look at that? You will be aware that we have our new food and drink action plan, which is all about driving forward the industry and supporting the industry to drive itself forward in many ways. We would not want to do anything that would not optimise every opportunity available to us.

[572] **William Powell:** Joyce Watson is next.

[573] **Joyce Watson:** We have talked a lot about the RDP, but we have talked a lot about it in one given area and, of course, the RDP is much greater than farming. So, I would welcome a statement, Ministers, saying that you are quite happy that you have sufficient money in your budgets to deliver all of the elements of the RDP and not just the one specific area that we have discussed so far, for the last hour.

[574] **Rebecca Evans:** Absolutely. The RDP is about many things and one of those things, which I imagine you are referring to, is about supporting rural communities to become sustainable, economically viable and vibrant and that is one of our driving forces behind the RDP, alongside tackling climate change, for example, which, although I imagine the Minister talked about in his earlier session, we have not talked about, but that is part of the RDP and of what we measure ourselves against as well.

[575] **William Powell:** Thanks for that. Antoinette Sandbach is next.

[576] **Antoinette Sandbach:** The previous Minister, who I know covered both parts of the portfolio, as it were, indicated that he was looking at projects to ensure that data were more widely available, particularly around the state of nature. I know, for example, that there has been criticism of Glastir. I believe that there are probably gains and there are records that will show that gains have been made in the delivery of environmental programmes, but the sources of data have not really been identified. I think that he referred to a data hub and I wondered what funding is available to ensure that those data are easily accessible to the public—that people can perhaps feed into them so that, for example, they can report rare birds or special species that they have on their land in order to ensure that records will be much better. I wondered whether you had any budget lines around the data hub and on delivering the data hub.

[577] **Rebecca Evans:** I am pleased to be able to say that the data hub is now already up and running. It is being developed based on our existing IT infrastructure, using in-house expertise, so that has enabled us to keep the costs of that down. It is available on the Welsh Government's website, on the environment pages.

[578] **Antoinette Sandbach:** Does that apply in the marine context as well as the land context, because there were clearly issues around data and marine issues, particularly marine mapping, which was co-ordinating again with the action plan that I was speaking about earlier?

[579] **Carl Sargeant:** Andrew will respond to that. [*Laughter.*]

[580] **Mr Slade:** The Minister is very kind. I am quite excited about this because I had a demonstration of the work done on the marine side, which is exactly what you have just described in terms of the layering of data on what is happening around our seas and coasts. Again, that is available through our website and I would urge you to have a look at it. There is an impressive amount of data there, which, as I say, you can put into layers so that you can see what is happening. So, if you wanted to look at biodiversity or the national historic

environment, there are a range of different features there. It is a very useful piece of kit.

[581] **Antoinette Sandbach:** It is not often that I congratulate the Welsh Government, but I really do congratulate you—

[582] **Carl Sargeant:** Could you say that again? [*Laughter.*]

[583] **Antoinette Sandbach:** I will repeat that. It is not often that I congratulate the Welsh Government, but I think, really, that shows enormous amounts of progress, because I know that it was not that long ago that the committee was looking at it and it shows how quickly you have been able to implement it, so I think that that is really good news. If it has been done in a resource-efficient way, that is fantastic news. So, have you got funding to identify where the holes are in those data? Have you now identified where your gaps in data are, because I know that there were particular issues about deep sea mapping that might be relevant, for example, to the energy projects off Anglesey, and the energy island projects around there.

[584] **Carl Sargeant:** I think, Chair, that what we have done is manage to, very quickly, get the data hub up and running. I think that this is work in progress. What we have now are data available to us, and we are clearly looking at what the holes in the data are. There are not many at all. In fact, we are very pleased with the system that is in place, but will work to add to that as we move forward.

[585] **William Powell:** Minister, if you could stay in touch with the committee on the progress in developing that, that would be much appreciated.

[586] I think that we are now six minutes into stoppage time. It has been a long and very useful session today. I would like to thank both Ministers for your attendance, and your officials, and, clearly, the Minister for Natural Resources, who has given one of the longest sets of scrutiny in recent history, I suspect. Members, thank you very much for your contributions, and thank you all for answering our questions so fully. Diolch yn fawr.

14:51

### **Papurau i'w Nodi Papers to Note**

[587] **William Powell:** There are, Members, a series of papers that we need to note. Are there any comments on those? There are none. Excellent. Diolch yn fawr. Thank you very much.

14:51

### **Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting**

[588] **William Powell:** I move that

*the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).*

[589] I see that the committee is in agreement.

*Derbyniwyd y cynnig.  
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 14:51  
The public part of the meeting ended at 14:51.*